



**CEDAR COUNTY, MISSOURI  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-64  
August 31, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2004

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Cedar, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.**

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This audit of Cedar County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Schedule of Expenditures of Federal Awards (SEFA) prepared by the County Clerk was not complete or accurate. The SEFA was over (under) stated during the years ending December 31, 2003 and 2002 by \$691,426 and (264,000), respectively.
- A tornado caused significant damage to county property in May 2003, and as a result, the county was awarded Federal Emergency Management Assistance (FEMA) to repair and rebuild its property. The County Commission appears to have circumvented federal prevailing wage laws and procurement requirements of the FEMA program during the reconstruction of its road and bridge department building which incurred damages during the tornado in May 2003. Adequate supporting documentation also was not obtained to support some payroll expenditures incurred related to this project. Additionally, the County Clerk's office did not file reimbursement claims in a timely manner, and the county has not properly monitored its subrecipient's (County Health Center and County Library) expenditures for FEMA. Further, accounting duties related to the FEMA program were not adequately segregated, and the County Clerk had no statutory authority to hold the FEMA account outside the County Treasury.
- The County Commission failed to review all applicable statutes related to the handling of delinquent property tax sales to ensure they were protecting taxes due and to prevent any loss to other taxing authorities involved from possible inadequate bids received. The County Collector also failed to adequately advertise the property for sale prior to selling the property to an Associate County Commissioner. The Associate Commissioner sold this piece of property approximately one year later.

(over)

YELLOW SHEET

- The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April to December 2003 because she hired a new clerk in April 2003 that was not familiar with the accounting system. Numerous adjustments were made to the County Clerk's expenditures for errors in recording health insurance. As of April 14, 2004, the County Clerk had again not reconciled her records to the County Treasurer for January through March 2004. In addition, the county's budgets were not accurate.
- The county's quarry is not operating as originally estimated by the County Commission nor has the county paid off its original investment. The County Commission estimated they would quarry gravel at a rate of savings that would pay off its original investment, of \$78,475, in just over five years. At December 31, 2003 the County Commission reported savings to be only \$24,800 during the four years since the original investment made in February 2000. The County Commission also entered into a loan agreement which appears to violate the Missouri Constitution and did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan.
- Improvements are needed with the property tax system controls and procedures. In addition, the County Clerk does not prepare the current or back tax books or maintain an account book with the County Collector and controls over property tax additions and abatements are not adequate.
- Numerous problems were noted relating to Prosecuting Attorneys' accounting controls and procedures. Although many of these problems were noted in the previous audit of the Prosecuting Attorney's office, little attempt has been made to implement these prior recommendations. Procedures for the timely processing and subsequent disposition of bad checks have not been established, and as a result, the Prosecuting Attorney has lost the authority to collect some bad checks for merchants. Court ordered restitution payments totaling over \$17,000 were also not disbursed to the victims in a timely manner. Additionally, weaknesses included inadequate segregation of accounting duties and controls over receipts, the failure to make deposits timely, to prepare monthly bank reconciliations, and to reconcile liabilities to cash balances. Further, the Prosecuting Attorney failed to periodically back up bad check complaint information and print and retain monthly reports.
- The Public Administrator did not file annual settlements in a timely manner, and funds of an estate were not properly covered by collateral securities. In addition, Forms 1099-MISC were not issued for legal services, and fees owed to the county from some estates were not always collected by the Public Administrator.

Also included in the audit were recommendations related to officials' compensation and bonds, budgetary practices, expenditures, property tax system, personnel policies, general fixed assets. The audit also suggested improvements in the procedures of the County Clerk and the Sheriff.

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## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Cedar County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 15, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Cedar County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

|                     |                             |
|---------------------|-----------------------------|
| Director of Audits: | Thomas J. Kremer, CPA       |
| Audit Manager:      | Pamela Allison Tillery, CPA |
| In-Charge Auditor:  | Jay Ross                    |
|                     | Troy Royer                  |
| Staff:              | Roberta Bledsoe             |



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Cedar County, Missouri

We have audited the financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Cedar County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Cedar County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 15, 2004 (fieldwork completion date)

## Financial Statements

Exhibit A-1

CEDAR COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2003

| Fund  | Cash,<br>January 1 | Receipts  | Disbursements | Cash,<br>December 31 |
|---|--------------------|-----------|---------------|----------------------|
| General Revenue                                     | \$ 179,355         | 1,100,307 | 991,850       | 287,812              |
| Special Road and Bridge                             | 237,713            | 997,983   | 1,074,085     | 161,611              |
| Assessment  | 8,920              | 104,636   | 112,982       | 574                  |
| Law Enforcement Training                            | 8                  | 2,547     | 1,122         | 1,433                |
| Prosecuting Attorney Training                       | 833                | 429       | 553           | 709                  |
| Prosecuting Attorney Bad Check                      | 19,459             | 8,039     | 11,387        | 16,111               |
| Recorder Preservation                               | 35                 | 13,709    | 10,870        | 2,874                |
| Family Crisis                                       | 1,062              | 1,177     | 2,141         | 98                   |
| Crime Victims Advocate                              | 3,409              | 14,031    | 14,901        | 2,539                |
| Law Enforcement Sales Tax                           | 116,942            | 1,148,907 | 1,003,781     | 262,068              |
| Local Emergency Planning Commission                 | 5,034              | 5,332     | 6,106         | 4,260                |
| DARE  | 50                 | 50        | 0             | 100                  |
| FEMA I-Flood Damage                                 | 13,944             | 161,347   | 175,291       | 0                    |
| Community Development Block Grant-<br>Senior Center | 0                  | 22,450    | 22,450        | 0                    |
| Recorder Technology                                 | 0                  | 5,730     | 5,730         | 0                    |
| Circuit Clerk Interest                              | 15,434             | 698       | 679           | 15,453               |
| Law Library   | 9,593              | 5,740     | 3,984         | 11,349               |
| Community Development Block Grant-Elevator          | 1                  | 0         | 0             | 1                    |
| Election Services                                   | 3,029              | 835       | 0             | 3,864                |
| Tax Maintenance                                     | 1,208              | 13,124    | 260           | 14,072               |
| FEMA II-Tornado Damage                              | 0                  | 133,114   | 133,113       | 1                    |
| Natural Resources Conservation Service              | 0                  | 177       | 0             | 177                  |
| Total   | \$ 616,029         | 3,740,362 | 3,571,285     | 785,106              |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CEDAR COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2002

| Fund                                       | Cash,<br>January 1 | Receipts  | Disbursements | Cash,<br>December 31 |
|--|--------------------|-----------|---------------|----------------------|
| General Revenue                            | \$ 119,310         | 917,958   | 857,913       | 179,355              |
| Special Road and Bridge                    | 171,519            | 902,464   | 836,270       | 237,713              |
| Assessment                                 | 6,680              | 105,621   | 103,381       | 8,920                |
| Law Enforcement Training                   | 1,935              | 3,281     | 5,208         | 8                    |
| Prosecuting Attorney Training              | 731                | 434       | 332           | 833                  |
| Prosecuting Attorney Bad Check             | 16,574             | 11,651    | 8,766         | 19,459               |
| Recorder Preservation                      | 8,193              | 12,961    | 21,119        | 35                   |
| Family Crisis                              | 840                | 1,062     | 840           | 1,062                |
| Crime Victims Advocate                     | 4,682              | 22,068    | 23,341        | 3,409                |
| Law Enforcement Sales Tax                  | 32,309             | 1,015,477 | 930,844       | 116,942              |
| Local Emergency Planning Commission        | 8,463              | 3,844     | 7,273         | 5,034                |
| DARE                                       | 106                | 901       | 957           | 50                   |
| Community Development Block Grant-Elevator | 1                  | 2,500     | 2,500         | 1                    |
| Election Services                          | 4,162              | 1,819     | 2,952         | 3,029                |
| Microfilm Grant                            | 3,339              | 2,695     | 6,034         | 0                    |
| Circuit Clerk Interest                     | 17,517             | 1,401     | 3,484         | 15,434               |
| Law Library                                | 8,642              | 6,712     | 5,761         | 9,593                |
| Tax Maintenance                            | 0                  | 1,208     | 0             | 1,208                |
| FEMA I-Flood Damage                        | 0                  | 391,335   | 377,391       | 13,944               |
| Total                                      | \$ 405,003         | 3,405,392 | 3,194,366     | 616,029              |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

| Year Ended December 31,                |              |  |           |           |  |           |
|--|--------------|--|-----------|-----------|--|-----------|
| 2003                                   |              |  | 2002      |           |  |           |
| Budget                                 | Actual       | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) |           |
| <b>TOTALS - VARIOUS FUNDS</b>          |              |  |           |           |  |           |
| RECEIPTS                               | \$ 3,952,578 | 3,593,112                              | (359,466) | 3,131,167 | 3,012,849                              | (118,318) |
| DISBURSEMENTS                          | 3,938,406    | 3,437,912                              | 500,494   | 2,928,818 | 2,816,975                              | 111,843   |
| RECEIPTS OVER (UNDER) DISBURSEMENTS    | 14,172       | 155,200                                | 141,028   | 202,349   | 195,874                                | (6,475)   |
| CASH, JANUARY 1                        | 604,037      | 611,791                                | 7,754     | 397,424   | 405,003                                | 7,579     |
| CASH, DECEMBER 31                      | 618,209      | 766,991                                | 148,782   | 599,773   | 600,877                                | 1,104     |
| <b>GENERAL REVENUE FUND</b>            |              |  |           |           |  |           |
| RECEIPTS                               |              |  |           |           |  |           |
| Property taxes                         | 148,261      | 153,966                                | 5,705     | 139,941   | 130,073                                | (9,868)   |
| Sales taxes                            | 430,000      | 442,243                                | 12,243    | 425,000   | 440,005                                | 15,005    |
| Intergovernmental                      | 102,409      | 107,658                                | 5,249     | 103,835   | 115,550                                | 11,715    |
| Charges for services                   | 250,700      | 235,504                                | (15,196)  | 268,780   | 213,821                                | (54,959)  |
| Interest                               | 5,000        | 2,370                                  | (2,630)   | 5,000     | 3,477                                  | (1,523)   |
| Other                                  | 1,950        | 100,489                                | 98,539    | 17,675    | 7,732                                  | (9,943)   |
| Transfers in                           | 13,944       | 58,077                                 | 44,133    | 2,500     | 7,300                                  | 4,800     |
| Total Receipts                         | 952,264      | 1,100,307                              | 148,043   | 962,731   | 917,958                                | (44,773)  |
| DISBURSEMENTS                          |              |  |           |           |  |           |
| County Commissioner                    | 63,921       | 63,984                                 | (63)      | 62,380    | 61,452                                 | 928       |
| County Clerk                           | 91,850       | 76,570                                 | 15,280    | 72,102    | 70,562                                 | 1,540     |
| Elections                              | 30,720       | 31,391                                 | (671)     | 65,000    | 63,132                                 | 1,868     |
| Buildings and ground:                  | 69,900       | 264,035                                | (194,135) | 131,800   | 103,491                                | 28,309    |
| Employee fringe benefit:               | 42,600       | 46,537                                 | (3,937)   | 55,100    | 41,828                                 | 13,272    |
| County Treasurer                       | 26,920       | 34,758                                 | (7,838)   | 22,215    | 22,183                                 | 32        |
| County Collector                       | 59,613       | 57,533                                 | 2,080     | 58,301    | 54,866                                 | 3,435     |
| Recorder of Deeds                      | 60,579       | 56,717                                 | 3,862     | 33,519    | 32,822                                 | 697       |
| Circuit, Associate, and Probate Court: | 52,020       | 44,357                                 | 7,663     | 38,740    | 38,143                                 | 597       |
| Court administrator                    | 8,800        | 7,374                                  | 1,426     | 10,030    | 6,967                                  | 3,063     |
| Public Administrator                   | 30,675       | 30,855                                 | (180)     | 30,766    | 30,976                                 | (210)     |
| Sheriff                                | 0            | 0                                      | 0         | 39,956    | 43,463                                 | (3,507)   |
| Public health and welfare service:     | 3,073        | 3,073                                  | 0         | 3,073     | 3,073                                  | 0         |
| Insurance and bonds                    | 33,000       | 34,620                                 | (1,620)   | 30,000    | 32,883                                 | (2,883)   |
| University Extension Service           | 29,848       | 29,000                                 | 848       | 28,000    | 28,000                                 | 0         |
| County road signs                      | 1,000        | 948                                    | 52        | 1,000     | 147                                    | 853       |
| Other                                  | 7,943        | 14,577                                 | (6,634)   | 7,311     | 15,596                                 | (8,285)   |
| Transfers out                          | 194,686      | 195,521                                | (835)     | 198,794   | 208,329                                | (9,535)   |
| Emergency Fund                         | 28,568       | 0                                      | 28,568    | 29,000    | 0                                      | 29,000    |
| Total Disbursements                    | 835,716      | 991,850                                | (156,134) | 917,087   | 857,913                                | 59,174    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS    | 116,548      | 108,457                                | (8,091)   | 45,644    | 60,045                                 | 14,401    |
| CASH, JANUARY 1                        | 179,355      | 179,355                                | 0         | 119,310   | 119,310                                | 0         |
| CASH, DECEMBER 31                      | 295,903      | 287,812                                | (8,091)   | 164,954   | 179,355                                | 14,401    |



## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|   | Year Ended December 31, |           |  |           |         |  |
|---|-------------------------|-----------|--|-----------|---------|--|
|   | 2003                    |           |  | 2002      |         |  |
|   | Budget                  | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>  |                         |           |  |           |         |  |
| RECEIPTS                                    |                         |           |  |           |         |  |
| Property taxes                              | 117,344                 | 119,916   | 2,572                                  | 118,430   | 114,084 | (4,346)                                |
| Intergovernmental                           | 947,850                 | 593,470   | (354,380)                              | 795,876   | 579,406 | (216,470)                              |
| Charges for services                        | 500                     | 0         | (500)                                  | 0         | 0       | 0                                      |
| Interest                                    | 3,779                   | 2,262     | (1,517)                                | 3,357     | 4,026   | 669                                    |
| Other                                       | 196                     | 109,232   | 109,036                                | 93,682    | 80,648  | (13,034)                               |
| Transfers in                                | 195,000                 | 173,103   | (21,897)                               | 0         | 124,300 | 124,300                                |
| Total Receipts                              | 1,264,669               | 997,983   | (266,686)                              | 1,011,345 | 902,464 | (108,881)                              |
| DISBURSEMENTS                               |                         |           |  |           |         |  |
| Salaries                                    | 215,000                 | 212,849   | 2,151                                  | 215,000   | 203,340 | 11,660                                 |
| Employee fringe benefit                     | 70,002                  | 62,972    | 7,030                                  | 67,150    | 60,063  | 7,087                                  |
| Supplies                                    | 45,000                  | 45,389    | (389)                                  | 45,000    | 38,772  | 6,228                                  |
| Insurance                                   | 15,000                  | 11,706    | 3,294                                  | 9,500     | 11,076  | (1,576)                                |
| Road and bridge materials                   | 172,400                 | 247,104   | (74,704)                               | 213,900   | 199,238 | 14,662                                 |
| Equipment repairs                           | 32,000                  | 33,233    | (1,233)                                | 36,000    | 35,832  | 168                                    |
| Equipment purchases                         | 210,758                 | 156,047   | 54,711                                 | 174,795   | 149,996 | 24,799                                 |
| Construction, repair, and maintenance       | 620,000                 | 168,325   | 451,675                                | 250,000   | 12,403  | 237,597                                |
| Distributions to special road district      | 0                       | 129,084   | (129,084)                              | 0         | 124,800 | (124,800)                              |
| Other                                       | 0                       | 7,376     | (7,376)                                | 0         | 750     | (750)                                  |
| Total Disbursements                         | 1,380,160               | 1,074,085 | 306,075                                | 1,011,345 | 836,270 | 175,075                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS         | (115,491)               | (76,102)  | 39,389                                 | 0         | 66,194  | 66,194                                 |
| CASH, JANUARY 1                             | 237,713                 | 237,713   | 0                                      | 171,519   | 171,519 | 0                                      |
| CASH, DECEMBER 31                           | 122,222                 | 161,611   | 39,389                                 | 171,519   | 237,713 | 66,194                                 |
| <b><u>ASSESSMENT FUND</u></b>               |                         |           |  |           |         |  |
| RECEIPTS                                    |                         |           |  |           |         |  |
| Intergovernmental                           | 105,642                 | 102,754   | (2,888)                                | 102,440   | 99,310  | (3,130)                                |
| Interest                                    | 355                     | 176       | (179)                                  | 600       | 355     | (245)                                  |
| Other                                       | 0                       | 0         | 0                                      | 0         | 142     | 142                                    |
| Transfers in                                | 1,706                   | 1,706     | 0                                      | 5,814     | 5,814   | 0                                      |
| Total Receipts                              | 107,703                 | 104,636   | (3,067)                                | 108,854   | 105,621 | (3,233)                                |
| DISBURSEMENTS                               |                         |           |  |           |         |  |
| Assessor                                    | 116,623                 | 112,982   | 3,641                                  | 113,481   | 103,381 | 10,100                                 |
| Total Disbursements                         | 116,623                 | 112,982   | 3,641                                  | 113,481   | 103,381 | 10,100                                 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS         | (8,920)                 | (8,346)   | 574                                    | (4,627)   | 2,240   | 6,867                                  |
| CASH, JANUARY 1                             | 8,920                   | 8,920     | 0                                      | 6,680     | 6,680   | 0                                      |
| CASH, DECEMBER 31                           | 0                       | 574       | 574                                    | 2,053     | 8,920   | 6,867                                  |
| <b><u>LAW ENFORCEMENT TRAINING FUND</u></b> |                         |           |  |           |         |  |
| RECEIPTS                                    |                         |           |  |           |         |  |
| Intergovernmental                           | 0                       | 0         | 0                                      | 0         | 1,030   | 1,030                                  |
| Charges for services                        | 3,500                   | 1,697     | (1,803)                                | 3,281     | 1,975   | (1,306)                                |
| Other                                       | 0                       | 850       | 850                                    | 0         | 276     | 276                                    |
| Total Receipts                              | 3,500                   | 2,547     | (953)                                  | 3,281     | 3,281   | 0                                      |
| DISBURSEMENTS                               |                         |           |  |           |         |  |
| Sheriff                                     | 3,500                   | 1,122     | 2,378                                  | 5,208     | 5,208   | 0                                      |
| Total Disbursements                         | 3,500                   | 1,122     | 2,378                                  | 5,208     | 5,208   | 0                                      |
| RECEIPTS OVER (UNDER) DISBURSEMENTS         | 0                       | 1,425     | 1,425                                  | (1,927)   | (1,927) | 0                                      |
| CASH, JANUARY 1                             | 8                       | 8         | 0                                      | 1,935     | 1,935   | 0                                      |
| CASH, DECEMBER 31                           | 8                       | 1,433     | 1,425                                  | 8         | 8       | 0                                      |

## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|   | Year Ended December 31, |         |  |          |         |  |
|---|-------------------------|---------|--|----------|---------|--|
|   | 2003                    |         |  | 2002     |         |  |
|   | Budget                  | Actual  | Variance<br>Favorable<br>(Unfavorable) | Budget   | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>  |                         |         |  |          |         |  |
| RECEIPTS  |                         |         |  |          |         |  |
| Charges for service:                              | 400                     | 429     | 29                                     | 500      | 434     | (66)                                   |
| Total Receipts                                    | 400                     | 429     | 29                                     | 500      | 434     | (66)                                   |
| DISBURSEMENTS                                     |                         |         |  |          |         |  |
| Prosecuting Attorney                              | 1,000                   | 553     | 447                                    | 500      | 332     | 168                                    |
| Total Disbursement:                               | 1,000                   | 553     | 447                                    | 500      | 332     | 168                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS               | (600)                   | (124)   | 476                                    | 0        | 102     | 102                                    |
| CASH, JANUARY 1                                   | 833                     | 833     | 0                                      | 731      | 731     | 0                                      |
| CASH, DECEMBER 31                                 | 233                     | 709     | 476                                    | 731      | 833     | 102                                    |
| <b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b> |                         |         |  |          |         |  |
| RECEIPTS  |                         |         |  |          |         |  |
| Charges for service:                              | 10,000                  | 7,922   | (2,078)                                | 12,000   | 11,418  | (582)                                  |
| Interest  | 0                       | 117     | 117                                    | 0        | 233     | 233                                    |
| Total Receipts                                    | 10,000                  | 8,039   | (1,961)                                | 12,000   | 11,651  | (349)                                  |
| DISBURSEMENTS                                     |                         |         |  |          |         |  |
| Prosecuting Attorney                              | 15,500                  | 9,762   | 5,738                                  | 26,000   | 8,766   | 17,234                                 |
| Transfers out                                     | 12,000                  | 1,625   | 10,375                                 | 0        | 0       | 0                                      |
| Total Disbursement:                               | 27,500                  | 11,387  | 16,113                                 | 26,000   | 8,766   | 17,234                                 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS               | (17,500)                | (3,348) | 14,152                                 | (14,000) | 2,885   | 16,885                                 |
| CASH, JANUARY 1                                   | 19,459                  | 19,459  | 0                                      | 16,574   | 16,574  | 0                                      |
| CASH, DECEMBER 31                                 | 1,959                   | 16,111  | 14,152                                 | 2,574    | 19,459  | 16,885                                 |
| <b><u>RECORDER PRESERVATION FUND</u></b>          |                         |         |  |          |         |  |
| RECEIPTS  |                         |         |  |          |         |  |
| Charges for service:                              | 7,500                   | 8,446   | 946                                    | 12,880   | 12,961  | 81                                     |
| Other   | 0                       | 11      | 11                                     | 0        | 0       | 0                                      |
| Transfers in                                      | 0                       | 5,252   | 5,252                                  | 0        | 0       | 0                                      |
| Total Receipts                                    | 7,500                   | 13,709  | 6,209                                  | 12,880   | 12,961  | 81                                     |
| DISBURSEMENTS                                     |                         |         |  |          |         |  |
| Recorder of Deeds                                 | 7,500                   | 10,870  | (3,370)                                | 21,073   | 21,119  | (46)                                   |
| Total Disbursement:                               | 7,500                   | 10,870  | (3,370)                                | 21,073   | 21,119  | (46)                                   |
| RECEIPTS OVER (UNDER) DISBURSEMENTS               | 0                       | 2,839   | 2,839                                  | (8,193)  | (8,158) | 35                                     |
| CASH, JANUARY 1                                   | 35                      | 35      | 0                                      | 8,193    | 8,193   | 0                                      |
| CASH, DECEMBER 31                                 | 35                      | 2,874   | 2,839                                  | 0        | 35      | 35                                     |
| <b><u>FAMILY CRISIS FUND</u></b>                  |                         |         |  |          |         |  |
| RECEIPTS  |                         |         |  |          |         |  |
| Charges for service:                              | 950                     | 1,177   | 227                                    | 800      | 1,062   | 262                                    |
| Total Receipts                                    | 950                     | 1,177   | 227                                    | 800      | 1,062   | 262                                    |
| DISBURSEMENTS                                     |                         |         |  |          |         |  |
| Domestic Violence Shelter                         | 1,062                   | 2,141   | (1,079)                                | 1,640    | 840     | 800                                    |
| Total Disbursement:                               | 1,062                   | 2,141   | (1,079)                                | 1,640    | 840     | 800                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS               | (112)                   | (964)   | (852)                                  | (840)    | 222     | 1,062                                  |
| CASH, JANUARY 1                                   | 1,062                   | 1,062   | 0                                      | 840      | 840     | 0                                      |
| CASH, DECEMBER 31                                 | 950                     | 98      | (852)                                  | 0        | 1,062   | 1,062                                  |

## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|  | Year Ended December 31, |           |  |         |           |  |
|--|-------------------------|-----------|--|---------|-----------|--|
|  | 2003                    |           |  | 2002    |           |  |
|  | Budget                  | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>CRIME VICTIMS ADVOCATE FUND</u></b>              |                         |           |  |         |           |  |
| RECEIPTS   |                         |           |  |         |           |  |
| Intergovernmental                                      | 24,731                  | 14,031    | (10,700)                               | 13,000  | 22,068    | 9,068                                  |
| Total Receipts   | 24,731                  | 14,031    | (10,700)                               | 13,000  | 22,068    | 9,068                                  |
| DISBURSEMENTS  |                         |           |  |         |           |  |
| Crime Victims Advocate                                 | 24,731                  | 14,901    | 9,830                                  | 17,682  | 23,341    | (5,659)                                |
| Total Disbursements                                    | 24,731                  | 14,901    | 9,830                                  | 17,682  | 23,341    | (5,659)                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                    | 0                       | (870)     | (870)                                  | (4,682) | (1,273)   | 3,409                                  |
| CASH, JANUARY 1  | 3,409                   | 3,409     | 0                                      | 4,682   | 4,682     | 0                                      |
| CASH, DECEMBER 31                                      | 3,409                   | 2,539     | (870)                                  | 0       | 3,409     | 3,409                                  |
| <b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>           |                         |           |  |         |           |  |
| RECEIPTS   |                         |           |  |         |           |  |
| Sales taxes  | 445,000                 | 477,188   | 32,188                                 | 425,000 | 442,929   | 17,929                                 |
| Intergovernmental                                      | 365,641                 | 339,258   | (26,383)                               | 258,974 | 229,172   | (29,802)                               |
| Charge for services                                    | 52,000                  | 45,303    | (6,697)                                | 23,000  | 51,482    | 28,482                                 |
| Interest   | 900                     | 888       | (12)                                   | 800     | 928       | 128                                    |
| Other  | 1,340                   | 33,878    | 32,538                                 | 87,426  | 88,451    | 1,025                                  |
| Transfers in   | 204,980                 | 252,392   | 47,412                                 | 192,980 | 202,515   | 9,535                                  |
| Total Receipts   | 1,069,861               | 1,148,907 | 79,046                                 | 988,180 | 1,015,477 | 27,297                                 |
| DISBURSEMENTS  |                         |           |  |         |           |  |
| Sheriff  | 708,467                 | 703,107   | 5,360                                  | 548,384 | 710,412   | (162,028)                              |
| Jail   | 99,800                  | 72,951    | 26,849                                 | 84,200  | 86,511    | (2,311)                                |
| Prosecuting Attorney                                   | 126,950                 | 127,438   | (488)                                  | 64,295  | 57,068    | 7,227                                  |
| Juvenile Officer                                       | 31,142                  | 28,505    | 2,637                                  | 36,193  | 29,480    | 6,713                                  |
| Coroner  | 15,156                  | 14,074    | 1,082                                  | 16,253  | 14,129    | 2,124                                  |
| Distributions to cities                                | 33,375                  | 35,789    | (2,414)                                | 31,875  | 33,220    | (1,345)                                |
| Other  | 0                       | 0         | 0                                      | 0       | 24        | (24)                                   |
| Emergency Fund   | 0                       | 21,917    | (21,917)                               | 0       | 0         | 0                                      |
| Total Disbursements                                    | 1,014,890               | 1,003,781 | 11,109                                 | 781,200 | 930,844   | (149,644)                              |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                    | 54,971                  | 145,126   | 90,155                                 | 206,980 | 84,633    | (122,347)                              |
| CASH, JANUARY 1  | 116,942                 | 116,942   | 0                                      | 32,309  | 32,309    | 0                                      |
| CASH, DECEMBER 31                                      | 171,913                 | 262,068   | 90,155                                 | 239,289 | 116,942   | (122,347)                              |
| <b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b> |                         |           |  |         |           |  |
| RECEIPTS   |                         |           |  |         |           |  |
| Intergovernmental                                      | 2,000                   | 5,309     | 3,309                                  | 3,700   | 3,798     | 98                                     |
| Interest   | 0                       | 23        | 23                                     | 50      | 46        | (4)                                    |
| Total Receipts   | 2,000                   | 5,332     | 3,332                                  | 3,750   | 3,844     | 94                                     |
| DISBURSEMENTS  |                         |           |  |         |           |  |
| Local Emergency Planning Commission                    | 5,650                   | 6,106     | (456)                                  | 12,150  | 7,273     | 4,877                                  |
| Total Disbursements                                    | 5,650                   | 6,106     | (456)                                  | 12,150  | 7,273     | 4,877                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                    | (3,650)                 | (774)     | 2,876                                  | (8,400) | (3,429)   | 4,971                                  |
| CASH, JANUARY 1  | 5,034                   | 5,034     | 0                                      | 8,463   | 8,463     | 0                                      |
| CASH, DECEMBER 31                                      | 1,384                   | 4,260     | 2,876                                  | 63      | 5,034     | 4,971                                  |

## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|  | Year Ended December 31, |          |  |        |        |  |
|--|-------------------------|----------|--|--------|--------|--|
|  | 2003                    |          |  | 2002   |        |  |
|  | Budget                  | Actual   | Variance<br>Favorable<br>(Unfavorable) | Budget | Actual | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>DARE FUND</u></b>  |                         |          |  |        |        |  |
| RECEIPTS   |                         |          |  |        |        |  |
| Other  | 0                       | 50       | 50                                     | 851    | 901    | 50                                     |
| Total Receipts   | 0                       | 50       | 50                                     | 851    | 901    | 50                                     |
| DISBURSEMENTS  |                         |          |  |        |        |  |
| Sheriff  | 50                      | 0        | 50                                     | 957    | 957    | 0                                      |
| Total Disbursements  | 50                      | 0        | 50                                     | 957    | 957    | 0                                      |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                                | (50)                    | 50       | 100                                    | (106)  | (56)   | 50                                     |
| CASH, JANUARY 1  | 50                      | 50       | 0                                      | 106    | 106    | 0                                      |
| CASH, DECEMBER 31  | 0                       | 100      | 100                                    | 0      | 50     | 50                                     |
| <b><u>FEMA I FUND-FLOOD DAMAGE</u></b>                             |                         |          |  |        |        |  |
| RECEIPTS   |                         |          |  |        |        |  |
| Intergovernmental  | 195,000                 | 161,347  | (33,653)                               |        |        |  |
| Total Receipts   | 195,000                 | 161,347  | (33,653)                               |        |        |  |
| DISBURSEMENTS  |                         |          |  |        |        |  |
| Transfers out  | 208,944                 | 175,291  | 33,653                                 |        |        |  |
| Total Disbursements  | 208,944                 | 175,291  | 33,653                                 |        |        |  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                                | (13,944)                | (13,944) | 0                                      |        |        |  |
| CASH, JANUARY 1  | 13,944                  | 13,944   | 0                                      |        |        |  |
| CASH, DECEMBER 31  | 0                       | 0        | 0                                      |        |        |  |
| <b><u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND-SENIOR CENTER</u></b> |                         |          |  |        |        |  |
| RECEIPTS   |                         |          |  |        |        |  |
| Intergovernmental  | 300,000                 | 22,450   | (277,550)                              |        |        |  |
| Total Receipts   | 300,000                 | 22,450   | (277,550)                              |        |        |  |
| DISBURSEMENTS  |                         |          |  |        |        |  |
| Senior Center  | 300,000                 | 22,450   | 277,550                                |        |        |  |
| Total Disbursements  | 300,000                 | 22,450   | 277,550                                |        |        |  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                                | 0                       | 0        | 0                                      |        |        |  |
| CASH, JANUARY 1  | 0                       | 0        | 0                                      |        |        |  |
| CASH, DECEMBER 31  | 0                       | 0        | 0                                      |        |        |  |
| <b><u>RECORDER TECHNOLOGY FUND</u></b>                             |                         |          |  |        |        |  |
| RECEIPTS   |                         |          |  |        |        |  |
| Charges for services   | 6,000                   | 5,730    | (270)                                  |        |        |  |
| Total Receipts   | 6,000                   | 5,730    | (270)                                  |        |        |  |
| DISBURSEMENTS  |                         |          |  |        |        |  |
| Recorder of Deeds  | 6,000                   | 478      | 5,522                                  |        |        |  |
| Transfers out  | 0                       | 5,252    | (5,252)                                |        |        |  |
| Total Disbursements  | 6,000                   | 5,730    | 270                                    |        |        |  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                                | 0                       | 0        | 0                                      |        |        |  |
| CASH, JANUARY 1  | 0                       | 0        | 0                                      |        |        |  |
| CASH, DECEMBER 31  | 0                       | 0        | 0                                      |        |        |  |

## Exhibit B

## CEDAR COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|   | Year Ended December 31, |        |  |         |         |  |
|---|-------------------------|--------|--|---------|---------|--|
|   | 2003                    |        |  | 2002    |         |  |
|   | Budget                  | Actual | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND-ELEVATOR</u></b> |                         |        |  |         |         |  |
| RECEIPTS  |                         |        |  |         |         |  |
| Intergovernmental   |                         |        |  | 2,500   | 2,500   | 0                                      |
| Total Receipts  |                         |        |  | 2,500   | 2,500   | 0                                      |
| DISBURSEMENTS   |                         |        |  |         |         |  |
| Transfers out   |                         |        |  | 2,500   | 2,500   | 0                                      |
| Total Disbursements   |                         |        |  | 2,500   | 2,500   | 0                                      |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           |                         |        |  | 0       | 0       | 0                                      |
| CASH, JANUARY 1   |                         |        |  | 1       | 1       | 0                                      |
| CASH, DECEMBER 31   |                         |        |  | 1       | 1       | 0                                      |
| <b><u>ELECTION SERVICES FUND</u></b>                          |                         |        |  |         |         |  |
| RECEIPTS  |                         |        |  |         |         |  |
| Intergovernmental   |                         |        |  | 1,000   | 1,819   | 819                                    |
| Total Receipts  |                         |        |  | 1,000   | 1,819   | 819                                    |
| DISBURSEMENTS   |                         |        |  |         |         |  |
| Elections   |                         |        |  | 4,000   | 2,952   | 1,048                                  |
| Total Disbursements   |                         |        |  | 4,000   | 2,952   | 1,048                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           |                         |        |  | (3,000) | (1,133) | 1,867                                  |
| CASH, JANUARY 1   |                         |        |  | 4,162   | 4,162   | 0                                      |
| CASH, DECEMBER 31   |                         |        |  | 1,162   | 3,029   | 1,867                                  |
| <b><u>MICROFILM GRANT FUND</u></b>                            |                         |        |  |         |         |  |
| RECEIPTS  |                         |        |  |         |         |  |
| Intergovernmental   |                         |        |  | 2,695   | 2,695   | 0                                      |
| Total Receipts  |                         |        |  | 2,695   | 2,695   | 0                                      |
| DISBURSEMENTS   |                         |        |  |         |         |  |
| Recorder of Deeds   |                         |        |  | 6,034   | 6,034   | 0                                      |
| Total Disbursements   |                         |        |  | 6,034   | 6,034   | 0                                      |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           |                         |        |  | (3,339) | (3,339) | 0                                      |
| CASH, JANUARY 1   |                         |        |  | 3,339   | 3,339   | 0                                      |
| CASH, DECEMBER 31   |                         |        |  | 0       | 0       | 0                                      |
| <b><u>CIRCUIT CLERK INTEREST FUND</u></b>                     |                         |        |  |         |         |  |
| RECEIPTS  |                         |        |  |         |         |  |
| Interest  | 1,000                   | 698    | (302)                                  | 1,300   | 1,401   | 101                                    |
| Total Receipts  | 1,000                   | 698    | (302)                                  | 1,300   | 1,401   | 101                                    |
| DISBURSEMENTS   |                         |        |  |         |         |  |
| Circuit Clerk   | 1,000                   | 679    | 321                                    | 3,461   | 3,484   | (23)                                   |
| Total Disbursements   | 1,000                   | 679    | 321                                    | 3,461   | 3,484   | (23)                                   |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           | 0                       | 19     | 19                                     | (2,161) | (2,083) | 78                                     |
| CASH, JANUARY 1   | 7,680                   | 15,434 | 7,754                                  | 9,938   | 17,517  | 7,579                                  |
| CASH, DECEMBER 31   | 7,680                   | 15,453 | 7,773                                  | 7,777   | 15,434  | 7,657                                  |

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

|                                     | Year Ended December 31, |        |  |        |        |  |
|-------------------------------------|-------------------------|--------|--|--------|--------|--|
|                                     | 2003                    |        |  | 2002   |        |  |
|                                     | Budget                  | Actual | Variance<br>Favorable<br>(Unfavorable) | Budget | Actual | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>LAW LIBRARY FUND</u></b>      |                         |        |  |        |        |  |
| RECEIPTS                            |                         |        |  |        |        |  |
| Charges for service:                | 7,000                   | 5,740  | (1,260)                                | 5,500  | 6,712  | 1,212                                  |
| Total Receipts                      | 7,000                   | 5,740  | (1,260)                                | 5,500  | 6,712  | 1,212                                  |
| DISBURSEMENTS                       |                         |        |  |        |        |  |
| Law Library                         | 4,080                   | 3,984  | 96                                     | 4,500  | 5,761  | (1,261)                                |
| Total Disbursements:                | 4,080                   | 3,984  | 96                                     | 4,500  | 5,761  | (1,261)                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 2,920                   | 1,756  | (1,164)                                | 1,000  | 951    | (49)                                   |
| CASH, JANUARY 1                     | 9,593                   | 9,593  | 0                                      | 8,642  | 8,642  | 0                                      |
| CASH, DECEMBER 31                   | 12,513                  | 11,349 | (1,164)                                | 9,642  | 9,593  | (49)                                   |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CEDAR COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

| <u>Fund</u>                        | <u>Years Ended December 31,</u> |
|------------------------------------|---------------------------------|
| Tax Maintenance Fund               | 2003 and 2002                   |
| Community Development Block        |                                 |
| Grant Fund - Elevator              | 2003                            |
| Election Services Fund             | 2003                            |
| FEMA II Fund – Tornado Damage      | 2003                            |
| Natural Resource Conservation Fund | 2003                            |
| FEMA I Fund – Flood Damage         | 2002                            |



Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

| <u>Fund</u>                                 | <u>Years Ended December 31,</u> |
|---|---------------------------------|
| General Revenue Fund                        | 2003                            |
| Recorder Preservation Fund                  | 2003 and 2002                   |
| Family Crisis Fund                          | 2003                            |
| Crime Victims Advocate Fund                 | 2002                            |
| Law Enforcement Sales Tax Fund              | 2002                            |
| Local Emergency Planning<br>Commission Fund | 2003                            |
| Circuit Clerk Interest Fund                 | 2002                            |
| Law Library Fund                            | 2002                            |

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

| <u>Fund</u>                        | <u>Years Ended December 31,</u> |
|------------------------------------|---------------------------------|
| Natural Resource Conservation Fund | 2003                            |
| Tax Maintenance Fund               | 2002                            |

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements)*, and

*Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$6,365 to reflect interest earned that was not reported in the prior audit.

The Local Emergency Planning Commission Fund's cash balance of \$8,463 at January 1, 2002, was not previously reported but has been added.

## Supplementary Schedule

## Schedule

CEDAR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Federal<br>CFDA<br>Number                           | Federal Grantor/Pass-Through Grantor/Program Title                         | Pass-Through<br>Entity<br>Identifying<br>Number | Federal Expenditures    |         |
|---|--|---|-------------------------|---------|
|   |  |   | Year Ended December 31, |         |
|   |  |   | 2003                    | 2002    |
| U.S. DEPARTMENT OF AGRICULTURE                      |  |   |                         |         |
|   | Passed through state   |   |                         |         |
|   | Department of Health -   |   |                         |         |
| 10.557  | Special Supplemental Nutrition Program<br>for Women, Infants, and Children | ERS045-4119W                                    | \$ 47,534               | 0       |
|   |  | ERS045-3119W                                    | 0                       | 53,366  |
|   | Program total  |   | 47,534                  | 53,366  |
| U.S. DEPARTMENT OF HOUSING AND URBAN<br>DEVELOPMENT |  |   |                         |         |
|   | Passed through state   |   |                         |         |
|   | Department of Economic Development -                                       |   |                         |         |
| 14.228  | Community Development Block Grants/State'<br>Program                       | 2002-PF-05                                      | 22,450                  | 0       |
|   |  | 99-PF-37  | 0                       | 2,500   |
|   | Program total  |   | 22,450                  | 2,500   |
| U.S. DEPARTMENT OF JUSTICE                          |  |   |                         |         |
|   | Direct programs:   |   |                         |         |
| 16.607  | Bulletproof Vest Partnership Program                                       | N/A   | 0                       | 2,262   |
|   | Passed through:  |   |                         |         |
|   | State Department of Public Safety  |   |                         |         |
| 16.575  | Crime Victim Assistance  | 2000-VOCA-0014                                  | 787                     | 1,214   |
| 16.580  | Enforcement Assistance Discretionary Grants Program                        | 2000DDVX0055                                    | 49,812                  | 44,080  |
|   | Missouri Sheriffs' Association -   |   |                         |         |
| 16  | Domestic Cannabis Eradication/Suppression Program                          | N/A   | 841                     | 1,030   |
| GENERAL SERVICES ADMINISTRATION                     |  |   |                         |         |
|   | Passed through state Office of Administration                              |   |                         |         |
| 39.003  | Donation of Federal Surplus Personal Property                              | N/A   | 257                     | 277     |
| FEDERAL EMERGENCY MANAGEMENT AGENCY                 |  |   |                         |         |
|   | Passed through state Department of Public Safety                           |   |                         |         |
| 83.534  | Emergency Management   | N/A   | 4,723                   | 3,799   |
| 83.544  | Public Assistance Grants*  | FEMA-1412-DR-MO                                 | 191,243                 | 414,944 |
|   |  | FEMA-1463-DR-MO                                 | 260,719                 | 0       |
|   | Program total  |   | 451,962                 | 414,944 |

## Schedule

CEDAR COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Federal<br>CFDA<br>Number                     | Federal Grantor/Pass-Through Grantor/Program Title   | Pass-Through<br>Entity<br>Identifying<br>Number | Federal Expenditures    |         |
|---|--|---|-------------------------|---------|
|   |  |   | Year Ended December 31, |         |
|   |  |   | 2003                    | 2002    |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES |  |   |                         |         |
| Passed through state                          |  |   |                         |         |
| Department of Health -                        |  |   |                         |         |
| 93.197  | Childhood Lead Poisoning Prevention Projects<br>State and Local Childhood Lead Poisoning<br>Prevention and Surveillance of Blood Lead Level<br>in Children | N/A   | 1,375                   | 0       |
| 93.268  | Immunization Grants  | PGA064-3119A                                    | 3,300                   | 0       |
|   |  | PGA064-2119A                                    | 0                       | 3,065   |
|   | Program total  |   | 3,300                   | 3,065   |
| 93.283  | Centers for Disease Control and Prevention<br>Investigations and Technical Assistance  | ERS161-40011                                    | 7,415                   | 0       |
| Department of Social Services -               |  |   |                         |         |
| 93.563  | Child Support Enforcemen   | N/A   | 1,549                   | 1,026   |
| Department of Health -                        |  |   |                         |         |
| 93.575  | Child Care and Development Block Gran  | PGA067-3119C                                    | 2,160                   | 0       |
|   |  | PGA067-2119C                                    | 0                       | 1,980   |
|   | Program total  |   | 2,160                   | 1,980   |
| 93.994  | Maternal and Child Health Service:<br>Block Grant to the States  | ERS146-3119M                                    | 16,138                  | 0       |
|   |  | ERS146-2119M                                    | 0                       | 18,149  |
|   | Program total  |   | 16,138                  | 18,149  |
|   | Total Expenditures of Federal Award:   |   | \$ 610,303              | 547,692 |

\* The CFDA number for this program changed to 97.036 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

## Notes to the Supplementary Schedule

CEDAR COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

This schedule includes all federal awards administered by Cedar County, Missouri except for the programs accounted for in the Cedar County Memorial Hospital Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended March 31, 2004 and 2003.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

| Federal<br>CFDA<br>Number | Program Title  | Amount Provided                 |         |
|---------------------------|--|---------------------------------|---------|
|                           |  | Year Ended December 31,<br>2003 | 2002    |
| 10.557                    | Special Supplemental Nutrition Program for Women, Infants, and Children  | \$ 47,534                       | 53,366  |
| 14.228                    | Community Development Block Grants/State's Program   | 22,450                          | N/A     |
| 83.544                    | Public Assistance Grants   | 109,937                         | 248,291 |
| 93.197                    | Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 1,375                           | N/A     |
| 93.268                    | Immunization Grants  | 3,300                           | 3,065   |
| 93.283                    | Centers for Disease Control and Prevention-Investigations and Technical Assistance   | 7,415                           | N/A     |
| 93.575                    | Child Care and Development Block Grant   | 2,160                           | 1,980   |
| 93.994                    | Maternal and Child Health Services Block Grant to the States   | 16,183                          | 18,149  |



FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Cedar County, Missouri

Compliance

We have audited the compliance of Cedar County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Cedar County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3.

#### Internal Control Over Compliance

The management of Cedar County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 15, 2004 (fieldwork completion date)

Schedule

CEDAR COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2003 AND 2002

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements  
noted?        yes   x   no

Federal Awards

Internal control over major program:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are  
not considered to be a material weaknesses?   x   yes        none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes        no

Identification of major program:

CFDA or  
Other Identifying

Number  
83.544

Program Title  
Public Assistance Grants

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        x   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

### **03-1.                      Schedule of Expenditures of Federal Awards**

|                       |                                     |
|-----------------------|-------------------------------------|
| Federal Grantor:      | Federal Emergency Management Agency |
| Pass-Through Grantor: | Department of Public Safety         |
| Federal CFDA Number:  | 83.544                              |
| Program Title:        | Public Assistance Grants            |
| Pass-Through Entity   |                                     |
| Identifying Number:   | FEMA-1412-DR-MO, FEMA-1463-DR-MO    |
| Award Years:          | 2003 and 2002                       |
| Questioned Costs:     | Not Applicable                      |

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA, and as a result, the county's SEFA contained numerous errors and omissions. For example, the SEFA prepared by the County Clerk for the year ending December 31, 2003 included expenditures which were expected to be made in the next year (2004) resulting in total expenditures being overstated by \$691,426. The County Clerk

indicated she did not understand what was to be included on the SEFA. In addition, the SEFA prepared for the year ending December 31, 2002 did not include expenditures totaling \$414,944 related to one of the grants, and it also included several other grants that were overstated. This resulted in total expenditures reported on the SEFA for 2002 to be understated by approximately \$264,000.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated they will review the SEFA and compare it to the prior years' schedule to ensure it is accurate.*

*The County Clerk indicated she has a much better understanding of the SEFA, and she has reworked the 2002 and 2003 SEFA.*

|  |
|--|
| <b>03-2. Prevailing Wage and Procurement</b> |
|--|

|                       |                                     |
|-----------------------|-------------------------------------|
| Federal Grantor:      | Federal Emergency Management Agency |
| Pass-Through Grantor: | Department of Public Safety         |
| Federal CFDA Number:  | 83.544                              |
| Program Title:        | Public Assistance Grants            |
| Pass-Through Entity   |                                     |
| Identifying Number:   | FEMA-1463-DR-MO                     |
| Award Years:          | 2003                                |
| Questioned Costs:     | \$15,800                            |

The County Commission appears to have circumvented federal prevailing wage and procurement requirements during the reconstruction of its road and bridge department building. In addition, adequate supporting documentation was not obtained to support some payroll expenditures incurred related to this project.

A tornado caused significant damage to county property in May 2003, and as a result, the county was awarded federal emergency management assistance (FEMA) to repair and rebuild its property. During our review of the reconstruction of the county's road and bridge department building, we noted the following:

- A. The County Commission entered into agreements with two local construction companies to "loan" the county eight of their employees which were specialized in



certain trades such as concrete, specialized carpentry work, and general construction to rebuild the county's road and bridge department building. The agreement also required the county to pay these "loaned" employees hourly rates which ranged from \$10 per hour to \$15 per hour which did not meet prevailing wage requirements as outlined by the state Division of Labor (DOL). The hourly rates for the related occupational titles outlined in the state DOL prevailing wage standards for the Cedar County area ranged from \$16.25 per hour to \$18.83 per hour. These employees were paid \$6,180 in total for this project.

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the U.S. Department of Labor. In addition, Section 290.230, RSMo 2000, requires prevailing wages to be paid to all workmen employed by or on behalf of any public body engaged in construction projects exclusive of routine maintenance work.

- B. Adequate supporting documentation of hours worked by these "loaned" employees was not obtained by the county. Timesheets or other records of actual time worked should be obtained and reviewed by the employee's supervisor to adequately support payroll expenditures.
- C. The above agreement also provided for the County Commission to rent trade tools and equipment from these construction companies for \$9,620. The county did not solicit bids for either the work performed by these "loaned" employees or for the trade tool and equipment rental.

Section 50.660, RSMo 2000, requires bids for all purchases or services of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

**WE RECOMMEND** the County Commission work with the granting agency to resolve the questioned costs and ensure prevailing wage rates are paid on all construction projects and bids are solicited for all purchases in accordance with state law. In addition, the County Commission should ensure timesheets or other records of actual time worked are obtained and reviewed by the employee's supervisor.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated that in the future they will ensure that bids are documented, prevailing wages are paid, and that timesheets are prepared and reviewed.*

|                       |                                     |
|-----------------------|-------------------------------------|
| Federal Grantor:      | Federal Emergency Management Agency |
| Pass-Through Grantor: | Department of Public Safety         |
| Federal CFDA Number:  | 83.544                              |
| Program Title:        | Public Assistance Grants            |
| Pass-Through Entity   |                                     |
| Identifying Number:   | FEMA-1463-DR-MO                     |
| Award Years:          | 2003                                |
| Questioned Costs:     | Not Applicable                      |

The County Clerk's office has not filed reimbursement claims in a timely manner for federal emergency management assistance (FEMA). In addition, the County Clerk's office has not properly monitored its subrecipient's expenditures for FEMA.

The county was awarded federal emergency management assistance (FEMA) to repair and rebuild the county and other political subdivisions' property, including the County Library and County Health Center, which resulted from tornado damages incurred in May 2003. During our review of expenditures incurred by the county, the County Library, and the County Health Center related to this program, we noted the following concerns:

- A. The county Special Road and Bridge Fund, the County Library, and the County Health Center expended \$197,938 from May 2003 to December 2003 related to the FEMA program; however, reimbursement claims for 75% of these expenditures or \$148,453 have not been filed by the County Clerk's office as of April 11, 2004. Additional expenditures incurred by the county and other political subdivisions through April 11, 2004 also have not been claimed for reimbursement. The County Clerk indicated she was waiting until the projects were completed to file the reimbursement claims. The County Clerk's office is responsible for filing the reimbursement claims with the State Emergency Management Assistance (SEMA) office for the assistance after the expenditures have been incurred.

To maximize revenues, the County Commission and County Clerk should ensure that procedures are in place to ensure requests for reimbursements are made in a timely manner. In addition, the failure to submit reimbursement claims on a timely basis results in possible unreimbursed costs to the county.

- B. The County Commission nor the County Clerk's office had obtained documentation of \$124,576 of expenditures incurred by the County Library and the County Health Center from May 2003 to December 2003 until our request was made in January 2004; therefore, the County Commission had allowed these subrecipients to expend over \$100,000 without reviewing or monitoring expenditures related to the FEMA program. The Cedar County Commission was designated as the official recipient for

the FEMA, although some of these monies were to be passed through to the County Library and the County Health Center.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. In addition, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of information about the award or requirements imposed on them by federal laws and regulations.

By not properly monitoring the county's subrecipients, the County Commission cannot ensure that FEMA monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

**WE RECOMMEND** the County Commission and the County Clerk ensure FEMA reimbursement claims are submitted on a timely basis, and properly monitor federal grant subrecipient's expenditures to ensure compliance with applicable laws and regulations.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission provided the following response:*

*We will work with the County Clerk to ensure reimbursement claims are filed monthly, and will monitor these subrecipients.*

*The County Clerk provided the following response:*

*All FEMA administration money for the County, Library and County Health Clinic was received in 2003. All small projects were reimbursed by the FEMA in 2003. The county barn and courthouse contents have been paid in full by insurance and all bills have been sent to the FEMA. The Library and Health Clinic have both been asked many times to let us know immediately when they receive payment from their insurance companies. The Library and Health Clinic have not received final payments from their insurance companies. About three months ago, library bills totaling over \$101,500 and clinic bills totaling over \$15,000 were sent to the FEMA for reimbursement. Many bills were sent back to the hospital to redo. The FEMA said everything looked fine, but would not pay any county, library or clinic bills on big projects until they have proof of all insurance payments. I am reviewing FEMA paperwork, working with the County Health Clinic, and am keeping the County Commission informed of what is going on. The Cedar County Memorial Hospital is considering hiring someone to work with the FEMA Health Clinic paperwork.*

|              |  |
|--------------|--|
| <b>03-4.</b> | <b>Segregation of Duties and the FEMA Bank Account</b> |
|--------------|--|

|                       |                                     |
|-----------------------|-------------------------------------|
| Federal Grantor:      | Federal Emergency Management Agency |
| Pass-Through Grantor: | Department of Public Safety         |
| Federal CFDA Number:  | 83.544                              |
| Program Title:        | Public Assistance Grants            |
| Pass-Through Entity   |                                     |
| Identifying Number:   | FEMA-1463-DR-MO                     |
| Award Years:          | 2003                                |
| Questioned Costs:     | Not Applicable                      |

The County Clerk maintains a federal emergency management assistance (FEMA) bank account to process monies received related to the tornado damages incurred in May 2003. While the County Clerk has not filed many reimbursements of expenditures as noted in finding 03-3, the County Clerk did receive and process over \$133,000 of FEMA monies through this account during the year ending December 31, 2003. During our review of controls and procedures related to this account, we noted the following.

The duties of receiving, recording, depositing and disbursing monies, preparing reports required by FEMA, and reconciling the bank account are not adequately segregated. One clerk in the County Clerk's office performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded. Further, there is no statutory authority that allows the County Clerk to hold this account outside the county treasury.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts and preparing reports required by FEMA. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented by another employee or the County Clerk.

**WE RECOMMEND** the County Commission and the County Clerk ensure accounting duties are adequately segregated to the extent possible or ensure periodic supervisory reviews are performed and documented. In addition, the County Clerk should turn over the custody of the FEMA bank account to the County Treasurer.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission and County Clerk indicated that the FEMA checkbook and bank account was turned over to the County Treasurer immediately after the audit.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CEDAR COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

CEDAR COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

CEDAR COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We also have audited the compliance of Cedar County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004.

Because the Cedar County Memorial Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Cedar County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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| <b>1. Delinquent Property Tax Sale</b> |
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The County Commission failed to review all applicable statutes related to the handling of delinquent property tax sales to ensure they were protecting all taxes due and to prevent any loss to other taxing authorities involved from possible inadequate bids. The County Collector also failed to adequately advertise the property for sale prior to selling the property to an Associate Commissioner.

The County Collector advertised a piece of property at the August 2000 delinquent tax sale which had previously been offered for sale three times. The advertisement generally indicated the sale was being held under the provision of law Section 140, RSMo 1994, and listed the delinquent taxes due on this property for the 1995, 1996, 1997, 1998, and 1999 tax years in the amount of \$5,840, interest and penalties of \$3,275, and sale and advertising cost of \$58 for a total of \$9,173. However, the advertisement did not specify that this property was being offered, at the discretion of the County Collector, to the highest bidder regardless of the amount of the delinquent taxes due.

The property was sold to an Associate County Commissioner for \$2,200, and the County Commission wrote off the remaining taxes due of \$6,973. The property tax records indicate this property was sold again approximately one year later.

Section 140.250, RSMo 2000, states that if any lands or lots are not sold at such third offering, then the collector, in his discretion, need not again advertise or offer such lands or lots for sale more often than once every five years after the third offering of such lands or lots.

In addition, Section 140.260, RSMo 2000, provides for the county commission of any county, to designate and appoint a suitable person or persons with discretionary authority to bid at all sales to which Section 140.250, RSMo 2000, is applicable, and to purchase at such sales all lands or lots necessary to protect all taxes due and owing and prevent their loss to the taxing authorities involved from inadequate bids.

The County Collector indicated that she was aware that it was at her discretion to sell the property, and that the County Commission could have appointed a suitable person to purchase the land and hold it in trust to protect all taxes due and to prevent their loss to other taxing authorities. The County Collector also indicated that this was the only time property was sold and handled in this manner. The County Commission indicated they were not aware of the statutes noted above and had not ever appointed a trustee to bid on property in the past.

By not being aware of applicable statutes and by selling the property for less than the taxes due, the County Commission and the County Collector performed a disservice to their constituents and other taxing authorities. In addition, by not clearly advertising the conditions of the sale and allowing the Associate Commissioner to purchase the property for less than the taxes due, they gave the appearance of a conflict of interest.

**WE RECOMMEND** the County Commission and County Collector review all applicable statutes to ensure the county is protecting all taxes due and owing and prevent their loss to the taxing authorities involved from possible inadequate bids received during tax sales. In addition, the County Collector should ensure the properties offered for sale are adequately advertised.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will document the option chosen for any property being offered for the third time at a tax sale in the minutes and ensure tax sale transactions are handled properly. In addition, we will ensure the County Collector adequately advertises the property.*

*The former County Collector provided the following response:*

*The County Commission felt that it would not be productive to appoint an agent to sell the property in question. Letting this property be put aside and not dealt with for four more years would only result in more unpaid taxes. By selling the property to the highest bidder, we started to receive tax monies again.*

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| <b>2. County Officials' Compensation and Bonds</b> |
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The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. In addition, the Presiding Commissioner received a mid-term salary increase. There was also no documentation supporting whether the salary commission met or that a legal opinion was obtained to approve a raise for the County Treasurer, and the wording of the county's blanket bond did not clearly address whether officials who are required by law to furnish an individual bond to qualify for office were covered under the bond.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Cedar County's Associate County Commissioners salaries were each increased approximately \$890 annually, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. The county did not document its review of the opinion or its plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$1,780 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The Presiding Commissioner received a mid-term salary increase in January 2001 that was not authorized by the salary commission when they met in 1997 and 1999. However, the salary commission met in November 2001 and approved this increase to the Presiding Commissioner's salary retroactive to January 1, 2001.

Section 50.333, RSMo 2000, indicates the county salary commission shall determine the compensation to be paid to every county officer for the next term of each office. The 1999 salary commission set the County Commission's compensation for the term beginning January 1, 2001, and ending December 31, 2004. In addition, state law does not provide for the salary commission to grant retroactive salary increases.

- C. The County Treasurer's salary was increased \$11,345 annually effective with the start of a new term of office on January 1, 2003. Salary commission minutes of a meeting held in November 2001 indicated officials would take salary increases for changes in assessed valuation and law as they occurred.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission **may** authorize the use of the alternative salary schedule. There was no documentation supporting whether the salary commission met or that a legal opinion was obtained to approve this salary increase. As a result, without salary commission minutes and a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- D. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$40,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

| <u>Elected Official</u> | <u>Statutory Minimum</u> |
|-------------------------|--------------------------|
| County Clerk            | \$ 5,000                 |
| Sheriff                 | 5,000                    |
| Coroner                 | 1,000                    |
| Recorder of Deeds       | 1,000                    |
| Surveyor                | 1,000                    |

Sections 51.070, 57.020, 58.050, 59.100, and 60.030, RSMo 2000, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

**WE RECOMMEND** the County Commission and Salary Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of salary overpayments.
- B. Review the salary increase and develop a plan for obtaining repayment for the salary overpayment. In addition, ensure all salary commission minutes clearly document all decisions made.
- C. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- D. Require all elected officials to be bonded as required by statute.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

*A-C These issues will be addressed at the next salary commission meeting. In addition, we will obtain legal opinions and ensure the salary commission minutes accurately document any salary increases or decreases in the future.*

*The County Clerk provided the following response:*

*D. On March 15, 2004, bonds were obtained for the County Clerk, Sheriff, Coroner, Recorder of Deeds, and the Surveyor, for the time period March 15 through December 31, 2004, at which time bids will be taken to cover the remainder of each officer's term of office.*

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| <b>3. County Financial Records, Procedures, and Budgetary Practices</b> |
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The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April 2003 through December 2003. Actual expenditures recorded on county budgets for various funds were not accurate. The County Commission also amended various county budgets after expenditures had already exceeded the original budget, and formal budgets were not prepared for various county funds. In addition, actual disbursements exceeded the original and/or amended budgeted amounts in various county funds, and an annual maintenance plan for the county roads has not been prepared.

A. The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April 2003 through December 2003. The County Clerk was appointed in November 2002, and she hired a new clerk in April 2003 that was unfamiliar with the accounting system. The County Treasurer repeatedly notified the County Commission during 2003 that the County Clerk was not preparing or providing county records that would allow him to reconcile his accounts. The County Commission indicated that the County Treasurer had written them several letters notifying them of the situation. At our request in January 2004, the County Clerk reconciled her records through December 2003 to the County Treasurer's records. Numerous adjustments were made to the County Clerk's expenditures for errors made in recording health insurance expenditures. In addition, as of April 14, 2004, the County Clerk had again not prepared or provided records to the County Treasurer for January through March 2004.



Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk should regularly prepare accounting records that would allow her to reconcile with the County Treasurer.

- B. The county's budgets were not accurate. For example, the General Revenue, Special Road and Bridge, Assessment, and Law Enforcement Sales Tax Funds' actual expenditures were over or (understated) from actual expenditures by (\$2,091), (\$1,440), \$534, and \$1,154 during the year ending December 31, 2003, respectively, as a result of the errors made above. In addition, the budget also contained several misclassifications of receipts and disbursements. For example, a disbursement in the amount of \$167,976 for repairs to one of the county's bridges was incorrectly recorded in other expenditures. Adjustments have been made to the audited financial statements to correct these errors and misclassifications.

For the budget documents to be of maximum assistance to the county and to adequately inform county residents of the county's operations and current financial position, they should be accurate. In addition, the county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented and to properly identify receipt and disbursement items and to increase the effectiveness of the budgets as management tools.

- C. During our review of county budgets and amended budget documents we noted the following concerns:

1. The County Commission and other county officials approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2003 and 2002. Actual expenditures exceeded budgeted amounts in the following funds:

| Fund                           | Year Ended December 31 |         |
|--------------------------------|------------------------|---------|
|                                | 2003                   | 2002    |
| General Revenue Fund           | \$ 156,134             | N/A     |
| Recorder Preservation Fund     | 3,370                  | 46      |
| Family Crisis Fund             | 1,079                  | N/A     |
| Crime Victims Advocate Fund    | N/A                    | 5,659   |
| Law Enforcement Sales Tax Fund | N/A                    | 149,644 |
| Local Emergency Planning Fund  | 456                    | N/A     |
| Circuit Clerk Interest Fund    | N/A                    | 23      |
| Law Library Fund               | N/A                    | 1,261   |

2. The County Commission amended the 2002 budgets for various county funds on December 18, 2002 to reflect increased expenditures made during the year. For example, the County Commission amended the Special Road and Bridge Fund and the Law Enforcement Sales Tax Fund expenditures by \$149,089 and \$181,332, respectively. Various other funds were also amended. Prior to the amendments of these budgets, expenditures had already exceeded the original budgets. In addition, no other amendments were made prior to these dates. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

A similar condition was noted in our prior report.

- D. Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- E. An annual maintenance plan for the county roads has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan

should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads throughout the year.

**WE RECOMMEND** the County Commission:

- A. Require the County Clerk to reconcile her accounting records with the County Treasurer monthly and document and fully investigate all reconciling items.
- B. Ensure the budget document contains accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission should ensure all significant receipts and disbursements are properly classified on the budgets. The County Commission and County Clerk should also thoroughly review the budget document before it is finalized and filed with the State Auditor's office.
- C.1. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures established by state law.
- 2. Implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- D. Ensure budgets are prepared for all county funds as required by state law.
- E. Establish a formal annual maintenance plan for county roads.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

- A. *The prior bookkeeper made manual adjustments each month from January to March 2003 to be able to make the benefits portion of the accounting system balance with the Treasurer. The current bookkeeper came to work in April 2003 and was unaware that these manual adjustments were done. She tried for the remainder of the year to get the system to figure the benefits and it would never balance with the Treasurer. I have started a new accounting system on January*

*1, 2004. I have reconciled with the County Treasurer every single month in 2004. My bookkeeper was under the understanding (from training) that she needed to wait until the bank statement came, get a copy of it, and reconcile from it, which took until around the middle of the month. The County Treasurer had never disputed this from January to April 2004 with the bookkeeper or myself, but did to the auditors in April. I am now reconciling with the County Treasurer early in the month. By the middle of the month, we are doing a double check by hand. Both offices balance.*

*The County Commission provided the following responses:*

- B. We will ensure that the county's budgets are accurate and correct.*
- C. We will ensure the county budgets are amended as circumstances occur during the budget year.*
- D. We will ensure that all county funds are budgeted in the future.*
- E. At the beginning of each budget year, we will document which roads and bridges we plan to repair and rebuild during the year.*

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| <b>4. County Expenditures</b> |
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The county's quarry is not operating as originally estimated by the County Commission nor has the county paid off its original investment. The county also entered into a loan agreement in 2002, which appears to violate the Missouri Constitution, and the County Commission did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan. In addition, bids were not always solicited nor retained for proper documentation, Forms 1099 Miscellaneous were not always prepared, cellular telephone bills were paid without reviewing supporting documentation, and the county has not established a formal written cellular telephone use policy.

- A. The county's quarry does not appear to be operating as originally estimated by the County Commission. In February 2000, the county purchased 73 acres of land for \$78,475 to be used to quarry hill gravel. The County Commission originally estimated the county would quarry 22,667 cubic yards of gravel at a savings of \$14,667 annually over a fifteen year time span and would have incurred savings to pay off its original investment in just over 5 years. The county quarried on average, 8,267 cubic yards and saved \$8,267 annually for the years ended December 31, 2002, 2001, and 2000. In addition, the county did not utilize the quarry in 2003. Therefore, the County Commission has reported savings to only be \$24,800 during the four years since the original investment noted above. Based on the county's analysis, the

quarry does not appear to be operating as originally estimated nor has the county paid off its initial investment.

Good business practice requires the County Commission to continue to track the actual costs of quarrying the hill gravel and updating cost/benefit analysis to support the county's continued decision making process. In addition, the County Commission should reevaluate the quarry's savings and the potential cubic yards of gravel to be quarried to determine whether the land is still a good investment.

- B. In March 2002, the county entered into a loan agreement with the county's depository bank for \$73,500 with a maturity date of January 2003 to purchase recording equipment for the Sheriff's department. In January 2003 and January 2004, the original loan was again renewed for one year. Each of the loan agreements provided for monthly payments of approximately \$1,645 and balloon payments in January of each of the years. The loan does not contain any provisions for the county to cancel the agreement due to lack of appropriations or other reasons. Without this type of option, the county appears to have entered into a long term debt arrangement.

The County Commission indicated they entered into this agreement because they could not adequately estimate how much revenue the new law enforcement sales tax would generate and did not want to over burden the Law Enforcement Sales Tax Fund. The balance of the Law Enforcement Sales Tax Fund was \$262,068 and \$116,942 at December 31, 2003 and 2002, respectively.

This agreement appears to violate the intent of the Missouri Constitution on legal indebtedness absent a vote of the county residents. Article VI, Section 26(a), of the Missouri Constitution states no county shall become indebted in an amount exceeding in any year the income and revenue provided for such year. In addition, the County Commission did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan.

- C. The county did not always solicit bids, or bid documentation was not always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

| <u>Item or Services</u> | <u>Cost</u> |
|-------------------------|-------------|
| 2003 Pickup truck       | \$16,585    |
| Jail food (annually)    | 15,835      |
| Used 1998 Jeep Cherokee | 12,944      |
| Tires (annually)        | 12,848      |
| Heating system          | 10,787      |
| Air conditioning system | 8,500       |

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- D. The county has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. As a result, the county did not file 1099s with the IRS for payments in 2003 totaling \$8,500 for the replacement and installation of a new air conditioning system and \$4,120 for repairs to a road and bridge vehicle.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- E. During 2002, the county purchased 5 cellular telephones and service plans. Three of these phones are assigned to the sheriff's office, one phone is assigned to the Road and Bridge Supervisor, and the remaining phone is assigned to the Associate Circuit Judge. During the years ended December 31, 2003 and 2002, the county expended approximately \$4,258 and \$4,750, respectively, for cellular phone usage.

The County Commission pays cellular telephone usage billings without reviewing supporting detailed documentation of actual telephone calls made. In addition, some billings received do not provide the detail of actual calls made, but only the total charges for the month. Therefore, the County Commission has no assurance expenditures for cellular calls are

reasonable. Detailed billings of actual calls made should be obtained from the cellular phone vendor to allow calls made to be reviewed for propriety to assure the telephones are being used exclusively for county business.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy is needed regarding cellular phones. Such a policy should address which employees need a cellular phone, proper use of the phone, and a review and authorization process. In this policy, Cedar County should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

Conditions similar to parts A. and D. were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Continue tracking the costs of quarrying the gravel and update their cost/benefit analysis on a regular basis. In addition, they should reevaluate the quarry's savings and the potential cubic yards of gravel to be quarried to determine whether the land is still a good investment.
- B. Ensure the county's indebtedness is in compliance with state law, and in the future, the County Commission should adequately document its evaluation of any financing arrangements, funds available, and interest costs.
- C. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E. Require all billings have the detailed listing of all telephone calls made for the month, and thoroughly review the detailed records of calls prior to approving payment of invoices. In addition, the County Commission should develop a formal written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have had two major catastrophes in the last two years and we plan to use the quarry more in 2004 and 2005. The FEMA would not reimburse the county as much for creek gravel (from the county's quarry) as they would for white rock;*

*therefore, the county purchased white rock to repair county roads for flood damages during 2002. In addition, the land has maintained its original value, and we will continue to track the cost of the quarry.*

- B. In the future we will ensure that financing arrangements comply with state law.*
- C. In the future, we will work with other county officials to ensure all expenditures are properly bid and all bid documentation is retained.*
- E. In the future, we will obtain itemized billings for all cellular phones and monitor phone usage.*

*The County Clerk provided the following response:*

- D. I have updated a listing of vendors to aid us in reporting amounts on 1099s.*

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| <b>5. Property Tax System</b> |
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The County Clerk does not maintain an account book with the County Collector and does not verify the accuracy of the Collector's current or back tax books. In addition, controls over property tax additions and abatements are not adequate. The County Clerk also did not file property tax aggregate abstracts for the 2003 tax year with the Department of Revenue (DOR) or the State Tax Commission (STC) until February 2004, and the Back Tax Aggregate Abstracts prepared were not accurate and complete. Annual settlements prepared by the County Collectors did not include some protested taxes.

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlements.
- B. The County Clerk does not prepare the current or back tax books. Currently, the Assessor enters the tax rates and the County Collector is responsible for extending and printing the tax books. The County Clerk does not verify the current and back tax books for accuracy.



Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend the tax books and charge the County Collector with the total amount of the current tax books and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure to perform adequate reviews of the tax books could result in errors and irregularities going undetected.

- C. Controls over tax book additions and abatements are not sufficient. Additions and abatements are prepared by the Assessor and approved by the County Clerk and County Commission as they occur. The County Clerk does not attempt to reconcile total additions and abatements to the County Collector's annual settlements. As a result, errors in the County Collector's annual settlements could go undetected.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of additions and abatements reported by the County Collector on her annual settlements, the County Clerk should reconcile total additions and abatements to the Collector's annual settlement.

- D. The County Clerk did not prepare the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract for the 2003 tax year and file it with the DOR and STC until February 2004, after our request for these forms. The information needed to prepare the Back Tax Aggregate Abstract was available at the beginning of March 2003, and the information needed to prepare the Land and Personal Tax and Railroad and Utility Aggregate Abstracts was available at the beginning of November 2003. In addition, the Back Tax Aggregate Abstract prepared by the County Clerk for the 2003 tax year was not accurate because it did not include late assessment penalties.

Section 137.295, RSMo 2000, provides for the County Clerk to prepare these reports and forward them to the DOR and the STC. In addition, the County Clerk should review the Back Tax Aggregate Abstract prior to submitting it to the DOR and STC to ensure it is complete and accurate.

- E. During our review of protested taxes received by the County Collector, we noted the following concerns:
  - 1. The County Collector does not maintain adequate records of protested taxes. Taxes paid under protest are deposited into separate bank accounts identified by taxpayer and held until proper

disposition is determined. However, the balances of the bank accounts are not reconciled to a listing of all taxes held under protest. For example, in April of 2004, the County Collector identified \$7,682 of taxes that were paid under protest which were distributed with December 2003 monthly collections in error. To ensure proper accountability over protested taxes, the County Collector should prepare detailed listings of each protested amount and periodically reconcile this listing, plus applicable interest income, to the bank balances.

2. Annual settlements prepared by the County Collectors did not include protested taxes totaling \$54,852 and \$36,296 for the years ended February 29, 2004 and February 28, 2003, respectively. The County Collector indicated that some of these protested taxes were reported on the annual settlement in collection or delinquent tax amounts. Section 139.160, RSMo 2000, states that “. . . the collector shall . . . settle his accounts of all monies received by him on account of taxes and other sources of revenue...” By not including protested taxes, the County Collector has not provided the County Commission with an accurate and complete settlement. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.

Conditions similar to parts A. and C. were noted in our prior report.

**WE RECOMMEND** the County Commission work with the applicable county officials to:

- A. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlement.
- B. Ensure the County Clerk formally verifies the accuracy of the tax books.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements.
- D. Ensure the County Clerk accurately prepares and files the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract with the DOR and STC.
- E. Ensure the County Collector prepares listings of all protested taxes and performs periodic reconciliations between the listings and the bank balances and files complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts

on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.

**AUDITEE'S RESPONSE**

*The County Commission concurred with the following officials' responses.*

*The County Clerk provided the following responses:*

- A. The County Collector and I are in the process of setting up a monthly balancing system.*
- B. In 2004 after the County Assessor's office sends their information to the County Collector, I will work with the County Collector's office and verify the accuracy of the tax books.*
- C. The County Collector and I are in the process of setting up a monthly balancing system to reconcile addition and abatements.*
- D. I failed to prepare the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract and the Back Tax Aggregate Abstract forms until after the auditors asked about them. This will not happen again. I now know how to do them and when they are due, and they will be done on time from now on. I nor the previous County Clerk and the current nor the previous County Collector knew that the penalties were to be added into the 1313 form. This form was already sent to the STC in 2004 before the auditors found the error. I will complete the 1313 form correctly in 2005.*

*The County Collector provided the following responses:*

- E.1. Protested taxes were tracked in separate accounts identified by taxpayer and held until proper disposition was determined. The protested taxpayer is required to file a written statement setting the grounds for which their protest is based. The taxpayer, whom files with the STC, must also notify the County Collector of the appeal in subsection 1 of Section 139.031. Due to not receiving a written notice of protest, the funds collected from this taxpayer were disbursed in December 2003. I have since implemented the process of monthly reconciliations of all protested taxes online and checking with the STC on all earlier protested taxes which do not send notification such as the case of the December 2003 item. However, the interest bearing accounts that are currently used only send out statements every six months. I currently go online to check interest and balances on a monthly basis.*
- 2. I have learned the correct way to prepare the annual settlement in regards to all protested taxes still in the taxpayers accounts. An amended annual settlement has been given to the County Clerk and Missouri Tax Administration Bureau. I am*

*also currently working on balancing with the County Clerk. They have updated their software, which will greatly help in their reporting.*

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| <b>6. Personnel Policies and Procedures</b> |
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Timesheets or other records of actual time worked by the Prosecuting Attorney's secretary and full-time employees of the Sheriff's office are not always filed with the County Clerk's office. In addition, records of vacation or sick leave earned, taken and accumulated are not maintained for the Prosecuting Attorney's secretary.

- A. The Sheriff's office submits time sheets or other records of actual time worked for part-time employees and the drug officer to the County Clerk's office each pay period; however, time sheets or other records of actual time worked for full-time employees are not filed with the County Clerk's office monthly. The Sheriff maintained time sheets and leave records for his department's full-time employees in his office and submits these annually to the County Clerk's office. In addition, the Prosecuting Attorney's secretary did not always prepare a time sheet documenting actual hours worked. As a result, the County Commission has no documentation of work performed to support some payroll expenditures. Records of actual time worked and the related leave records should be prepared and filed in a central location with the county's payroll records.
- B. Records of vacation or sick leave earned, taken, and accumulated are not maintained for the Prosecuting Attorney's secretary, and the Sheriff maintains leave records for his office's employees. Currently, the County Clerk maintains leave records for all other county employees. Without centralized leave records, the County Commission cannot ensure that employees' annual and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving county employment.

**WE RECOMMEND** the County Commission:

- A. Require the Sheriff's employees to file time sheets with the County Clerk's office, and also require the Prosecuting Attorney's secretary to prepare and file her time sheets with the County Clerk's office.
- B. Maintain centralized leave records for all county employees.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*A&B. In the future, we will require the Sheriff's department to turn time sheets and leave records in to the County Clerk each pay period and require the Prosecuting Attorney's secretary to prepare a time sheet and file it with the County Clerk.*

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| <b>7. General Fixed Assets</b> |
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The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records, and physical inventories are not being performed for assets assigned to some officials. Several fixed assets purchased during the years ended December 31, 2003 and 2002 were not added to the listing, including a 1999 Ford Crown Victoria, a boiler heating system for the county barn, and several road graders. In addition, the county did not add the cost of the addition of an elevator to the value of the courthouse. Property records do not always include the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Property items were also not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the

County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.

### **AUDITEE'S RESPONSE**

*The County Commission concurred with the following official's response.*

*The County Clerk indicated there has been a complete inventory of all property inside the courthouse and at the county barn. Control tags have been affixed. The County Clerk has approved all inventory sheets, and a master copy is in the County Clerk's office.*

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| <b>8. Prosecuting Attorney Records and Procedures</b> |
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Procedures for the timely processing and the subsequent disposition of bad check complaints have not been established. Other controls and procedures regarding segregation of duties, issuing receipt slips for all monies received, depositing receipts in a timely manner, and performing bank reconciliations and listings of open items have not been established. The Prosecuting Attorney also failed to periodically back up bad check complaint information, and print and retain monthly reports of bad check and restitution activity. In addition, no attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies held in an old bank account. Although many of these problems were noted in the previous audit of the Prosecuting Attorney's office, little attempt has been made to implement these prior recommendations. As a result, there is less assurance that all bad check monies have been accounted for properly.

The Prosecuting Attorney became a full-time county prosecutor in January 2003, and the Prosecuting Attorney's Office collected court-ordered restitution and bad check related restitution and fees totaling approximately \$66,700 and \$80,200 during the years ended December 31, 2003 and 2002, respectively. The Prosecuting Attorney maintains an account for the deposit and disbursement of court-ordered restitution. Bad check restitution monies are remitted directly to the merchants, and bad check fees are deposited into a separate account held by the County Treasurer. Our review noted the following concerns:

- A. Procedures for the timely processing and the subsequent disposition of bad check complaints have not been established. Currently, Cedar County merchants complete a complaint form at the time the bad check is filed with the Prosecuting Attorney for collection. The Prosecuting Attorney's secretary then sends a "ten-day letter" to the writers of the bad checks indicating that complaints will be filed with the court if payment is not received within ten days. During our review of bad check and court-ordered restitution, we noted the following concerns:

1. Procedures have not been adopted by the Prosecuting Attorney to ensure that complaints are filed with the court after the ten-day letter has been sent and payments for bad checks written have not been received within the required ten-day period. For example, the Prosecuting Attorney received two bad check complaints from a local vendor, one was received on March 5, 2002 for a check written on July 6, 2001 and the other was received on August 30, 2002 for a check written on January 5, 2002. The Prosecuting Attorney did not send out a ten-day letter for these two checks until March 13, 2003. These two checks were never filed with the Circuit Court; and subsequently, the Prosecuting Attorney lost the authority to collect these two bad checks because the statute of limitations for prosecution had expired. Numerous other instances were noted where complaints were filed with the Circuit Clerk just prior to expiration of the statute of limitations. For example, on April 2, 2004, eleven complaints that were over nine months old were filed with the Circuit Clerk. One of these complaints was eight days from the statute of limitations, and four more were at least eleven months old. Section 556.036, RSMo 2000, indicates that the statute of limitations expires on misdemeanor offenses (bad checks written) after one year, and subsequently, the Prosecuting Attorney loses the authority to collect the bad checks for the merchant.

Procedures should be established to ensure bad check complaints are filed with the court after the ten-day letters are sent and payments have not been received for the bad checks written within the required ten days. In addition, the Prosecuting Attorney inhibits his ability to collect bad checks for Cedar County merchants by filing bad check complaints with the court in such an untimely manner.

2. Court-ordered restitution payments received in August 2003 totaling \$17,077 were not disbursed to the victims until February 2004. Numerous other instances were noted where restitution payments were held up to three months before being disbursed to the victims.

Procedures should be established to ensure court-ordered restitution is disbursed to the victims in a timely manner.

- B. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated. The Prosecuting Attorney's secretary performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- C. Receipts slips are only issued upon request. To adequately account for all receipts, pre-numbered receipt slips should be issued for all restitution and bad check fees received, and the numerical sequence should be accounted for properly. In addition, to ensure all receipts are deposited, the receipt slips should be reconciled to the deposits.
- D. Receipts are not deposited in a timely manner. For example, \$20,854 of court-ordered restitution payments received in August 2003 were not deposited until October 2003. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- E. Cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the receipts are deposited. To reduce the risk of loss or misuse of funds, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.
- F. We noted the following concerns with the Prosecuting Attorney's restitution bank account and the related open items listing:

- 1. Bank reconciliations were not performed monthly during the years ended December 31, 2003 and 2002 for the restitution account. In addition, the checkbook register is the only accounting record maintaining a book balance and it was not properly maintained. For example, the December 31, 2003 reconciled bank balance (per audit) exceeded the checkbook balance maintained by the Prosecuting Attorney's office by \$6,656.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and



recorded or that bank or book errors will be detected and corrected in a timely manner.

2. The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, ten checks totaling \$2,092 were over one year old.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo 2000.

3. Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. We prepared an open-items listing as of December 31, 2003. The open-items listing exceeded the reconciled cash balance by \$236. A similar unreconciled balance existed during the past audit.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

- G. Although the Prosecuting Attorney's office implemented a computerized bad check complaint log, it failed to periodically back-up information maintained on the system. As a result, all information maintained on the system was lost when the computer system crashed in 2002. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed have never been printed or retained.

Computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed should be printed and retained to document the validity of transactions, provide an audit trail, and account for all monies received and processed.

- H. The Prosecuting Attorney sometimes waives the bad check fee charged to the bad check writer; however, the waiver by the Prosecuting Attorney is not documented. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.
- I. The Prosecuting Attorney maintains an old bank account, which has had no activity since 1997, that had a balance of \$1,422 at December 31, 2003. No attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies in this account. The Prosecuting Attorney should attempt to identify the monies held in the old bank account and obtain written authorization from the court to dispose of the monies and close the account.

Conditions similar to parts B-D., F., and G. were noted in our prior report.

**WE RECOMMEND** the Prosecuting Attorney:

- A.1. Establish procedures to adequately follow-up on ten-day letters for bad checks received and file complaints with the Circuit Clerk in a timely manner.
- 2. Establish procedures to ensure court ordered restitution is disbursed to the victims in a timely manner.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- C. Issue pre-numbered receipt slips for all bad check fees and restitution received and account for the numerical sequence of receipt slips. In addition, the receipt slips should be reconciled to bank deposits.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- E. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- F.1. Maintain an accurate balance in the checkbook register, and prepare monthly bank reconciliations. In addition, identify the difference between the reconciled bank balance and the checkbook register balance.
- 2. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

3. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- G. Periodically prepare a backup disk and store it at an off-site location. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed should be printed and retained.
- H. Approve and document all waivers of bad check fees.
- I. Attempt to identify the monies held in the old bank account, and obtain written authorization from the court to dispose of the monies and close the account.

### **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *We are now caught up in the system and are processing timely. We have purchased a restitution module for the computer system for more timely processing. We have also hired a part-time worker to help stay caught up.*
- B. *I will review the bank statements and document my review.*
- C. *Receipts are now numbered and issued by the new computer program.*
- D. *In the future, we will deposit daily or when balance exceeds \$100.*
- E. *We have purchased a stamp for endorsement and are applying it when received.*
- F.1. *We are currently working on getting bank reconciliations up-to-date.*
  2. *We are currently reviewing old outstanding checks, and if the individual cannot be located, we will turn them over to the County Treasurer.*
  3. *We are currently working on getting an up-to-date open items listing along with bank reconciliations.*
- G. *We are currently running back-ups and storing them off-site, and reports are currently being printed.*
- H. *We will start documenting the waiving of bad check fees.*
- I. *We will get court orders from the judge to close the old account and turn monies over to the County Treasurer.*

The Public Administrator did not file annual settlements in a timely manner, and funds of an estate were not properly covered by collateral securities. In addition, Forms 1099-MISC were not issued for legal services, and fees owed to the county from some estates were not always collected by the Public Administrator.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ending December 31, 2003 and 2002, the Public Administrator handled approximately 70 cases. A review of the annual settlements filed by the Public Administrator indicated the following problems:

- A. Three annual settlements reviewed that were required to be filed by the Public Administrator during the years ending December 31, 2003 and 2002 were not filed in a timely manner. These annual settlements were filed two to seven months late. Although the probate court has a tracking system in place to notify the Public Administrator when an annual settlement is due, follow-up procedures have not been established to ensure that those annual settlements have subsequently been filed with the court in a timely manner.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary date of becoming the personal representative.

- B. The Public Administrator has not established procedures to monitor collateral securities pledged by client's depositary banks, and as a result, funds were under secured during June 2003 and 2002. The Public Administrator maintained funds for a client in a bank account totaling \$168,310 and \$162,649 as of June 2003 and 2002, respectively, which were not adequately covered by collateral securities. The client's funds on deposit exceeded the Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$68,310 and \$62,649 during June 2003 and 2002, respectively. No collateral securities were pledged by the depositary bank to cover the monies in excess of the FDIC coverage.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- C. Forms 1099 were not prepared for an unincorporated attorney who was paid in excess of \$600 from each of a number of estates for legal services.

For example, in 2003, one estate paid this attorney \$3,481 for legal services. Section 6041-6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non employees.

A similar condition was noted in our prior report.

- D. The Associate Circuit Judge typically orders an administrative fee of five percent based on the income of the estate to be assessed. During 2000, this fee was remitted to the Public Administrator as compensation for her duties. In 2001, the Public Administrator elected to receive a salary from the county, and all fees assessed to the estates were then turned over to the county or prorated between the Public Administrator and the county as ordered by the Associate Circuit Judge. In 2002, all fees assessed to the estates were to be turned over to the county.

During our review of the fees paid by various estates, we noted that the Public Administrator often collected her portion of the fees; however, she failed to collect the county's portion of the court-ordered fees. According to the Public Administrator, she would collect fees depending upon the availability of funds in the ward's estate; however, it appears questionable why she collected fees for herself instead of prorating the fees available between herself and the county. For example, as indicated in the table below, the Public Administrator collected her portion of the prorated fees, but did not collect fees due to the county.

| <b>Annual settlement<br/>Period</b> | <b>Date fees<br/>were<br/>ordered</b> | <b>Public<br/>Administrator<br/>Fees Collected</b> | <b>Fees owed to<br/>county</b> |
|-------------------------------------|---------------------------------------|--|--------------------------------|
| 12/5/00 to 12/3/01                  | 01/04/02                              | \$ 985   | \$ 1,243                       |
| 12/4/01 to 12/3/02                  | 01/10/03                              |  | 1,243                          |
| 6/20/00 to 7/4/01                   | 08/06/01                              | 210  | 258                            |
| 7/5/01 to 7/4/02                    | 08/02/02                              |  | 506                            |
| Total                               |                                       | \$ 1,195   | \$ 3,250                       |

The Public Administrator and Associate Circuit Judge should review the annual settlements to ensure fees are paid to the county in a timely manner.

- E. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. Annual settlements prepared by the Public Administrator document the assets,

receipts, and expenditures for the wards or decedent estates. In June 2002, the Public Administrator auctioned real property for one of her wards that was held in a revocable trust and was also listed on the original inventory filed in August 21, 1998 and has appeared on the annual settlements since July 1999. The Public Administrator performed a self appraisal of the property and also acted as auctioneer at the public sale. The Public Administrator appraised the property at \$100,000 and sold the property for \$66,500.

While the Associate Circuit Judge indicated that real estate held in a revocable trust is not subject to the control of the Public Administrator and can be sold in any manner the successor trustees saw fit, it is questionable why the court allowed the real estate to be included on the Public Administrator's annual settlements for four years and approved those settlements.

**WE RECOMMEND** the Public Administrator and the Associate Circuit Judge:

- A. Ensure annual settlements are filed on a timely basis.
- B. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- C. Ensure 1099 forms are prepared in accordance with IRS guidelines.
- D. Ensure fees are paid to the county in a timely manner.
- E. Ensure only assets under the control of the Public Administrator are reported on the annual settlement.

**AUDITEE'S RESPONSE**

*The Public Administrator provided the following responses:*

- A. *I complete annual settlements timely and turn them over to my attorney for review. One of the estates was held by my attorney for a long period of time before being turned over to the court.*
- B. *I will ensure estates are properly collateralized in the future.*
- C. *I will issue MISC-1099 for all contracted services.*

- D. *The fees ordered to be paid to me applied to services performed in the first part of the settlement year and the fees ordered for the county applied to the last portion of the settlement year. Since my debt was the oldest, I paid my fees first. Some of the county fees due were paid to the county in March 2004, and I will pay the remainder of the fees when funds become available.*
- E. *I acted under the written authority of the co-trustees of the estate.*

*The Associate Circuit Judge provided the following responses:*

- A. *The court does keep track of the filed and unfiled settlements and contacts the Public Administrator or her attorney regarding late settlements. Her settlements are bunched at the end of the year due to the death of a prior Public Administrator. The seven month settlement was delayed because her attorney's office was destroyed in the tornado that hit our town on May 4, 2003. The court has discretion in these matters and is comfortable with the Public Administrator's filing of settlements.*
- B. *The Public Administrator is adequately bonded in the estate in question. She also has an additional bond as Public Administrator which gives the ward double protection. The Public Administrator would be personally liable if the bank failed. The court is satisfied that the ward is protected and that is the priority of the court.*
- C. *This is between the Public Administrator and her attorney and the IRS. Since she is bonded, if the estate is fined, the estate is protected. Her attorney says the law does not require her to give 1099's. The IRS has not contacted the court regarding this matter. The court believes the audit comment is incorrect and not a concern of the court or the auditor.*
- D. *This was a one time event when the Public Administrator converted from fee to salary. The court authorizes the fees. It does not control when they are paid to the county. The court suggests if the county is concerned about this, that they withhold the unpaid fees from the Public Administrator's salary until she collects them and turns them over.*
- E. *This property was and is not a part of the probate estate. The Public Administrator worked with the Trustees and they are happy. The informational listing of assets not totally under the control of the Public Administrator is helpful to the court, (i.e.) when only one spouse is under conservatorship and the other is not under conservatorship. The court does not agree with the auditor's comments.*

## **AUDITOR'S COMMENT**

- E. While the listing of assets may be helpful to the Associate Judge in other estates, this ward's spouse has been deceased for several years. The inclusion of such information should clearly distinguish it from other assets under the control of the Public Administrator in her official capacity.

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| <b>10. County Clerk's Records and Procedures</b> |
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The County Clerk's office does not always indicate the method of payment received on the receipt slips issued, receipt slips are not always issued in sequential order, and the original copies of voided receipt slips are not always maintained. In addition, receipts are not transmitted to the County Treasurer in a timely manner, and checks and money orders are not restrictively endorsed immediately upon receipt.

The County Clerk's office processes receipts of approximately \$10,000 annually. During our review of the County Clerk's office, we noted the following concerns:

- A. The County Clerk's office accepts cash, checks, and money orders. The method of payment received is not always indicated on the receipt slips, receipt slips are not always issued in sequential order, and the original copies of voided receipt slips are not always maintained.

To ensure monies are properly accounted for and transmitted intact, the method of payment received should be recorded on all receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals to the County Treasurer. In addition, to properly account for all receipts, receipt slips should be issued in sequential order, and the original copies of voided receipt slips should be retained.

- B. Receipts are not always transmitted to the County Treasurer on a timely basis. For example, receipts collected in May, June, and July 2003 totaling \$6,677 were not transmitted to the County Treasurer until August 28, 2003. Receipts should be transmitted to the County Treasurer monthly or when accumulated receipts exceed \$100.
- C. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the transmittal is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving and recording monies and transmitting the monies to the County Treasurer. Proper segregation of duties helps ensure



that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording from transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

**WE RECOMMEND** the County Clerk:

- A. Ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer. In addition, ensure receipt slips are issued in sequential order, and maintain original copies of all voided receipt slips.
- B. Transmit receipts to the County Treasurer monthly or when accumulated receipts exceed \$100.
- C. Restrictively endorse checks and money orders immediately upon receipt.
- D. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following responses:*

- A. *A pre-numbered receipt book with our letterhead has been ordered from a local office supply. We are currently ensuring the method of payment is recorded on all receipt slips. We will keep the voided receipts with the receipt book.*
- B. *The 2004 fees have been receipted and turned over to the County Treasurer monthly.*
- C. *Checks are endorsed upon receipt.*
- D. *Two of the deputy clerks and the County Clerk write most of the receipts. The bookkeeper reconciles at the end of the month. The County Clerk now recounts the money and signs off in the receipt book.*

|   |
|---|
| <b>11. Sheriff's Records and Procedures</b> |
|---|

The Sheriff's office has not adopted formal follow-up procedures for unpaid board bills. In addition, the Sheriff's petty cash fund is not maintained at a set amount, invoices or purchase receipts are not always submitted to the county to support or document the amount being requested to replenish the fund, and a ledger to

account for receipts, disbursements, and cash balances of the petty cash fund is not maintained. Deputies are also not required to document the use of petty cash monies through summary reports of investigative information or through return receipts for transportation related expenses.

- A. Cedar County boards prisoners for surrounding counties and cities. The Sheriff's office prepares and sends board bills to the other governments that indicate payments are to be made directly to the County Treasurer. When a board bill payment is received by the County Treasurer, a copy of the receipt slip issued is given to the Sheriff's office. However, the Sheriff's office has no formal follow-up procedures for unpaid board bills. Unpaid board bills totaled \$2,460 as of December 31, 2003, and some of these board bills dated back to 2000. Formal reconciliations of board bills and payments received by the County Treasurer should be performed to ensure payments are received on a timely basis, second billings are sent out if necessary, and records are maintained accurately.
- B. The Sheriff maintains a petty cash fund which is used for travel advances to deputies when transporting prisoners and for investigations. The Sheriff obtained checks from the county which were cashed and placed in the petty cash fund totaling approximately \$2,761 during the years ended December 31, 2003 and 2002. Our review of the petty cash fund revealed the following concerns:
  - 1. The petty cash fund is not maintained at a set amount. The Sheriff periodically obtains a check from the county which is cashed and placed in the petty cash fund; however, invoices or purchase receipts are not always submitted to the county to support or document the amount being requested to replenish the fund. For example, on May 12, 2003, the Sheriff requested \$500 from the county to replenish his petty cash fund; however, the Sheriff only turned in receipts in the amount of \$188. There was no supporting documentation for the \$312 difference. In addition, the Sheriff could not provide any documentation to determine the cash on hand in the petty cash fund on May 12, 2003.
  - 2. The Sheriff does not maintain a ledger to account for receipts, disbursements, and cash balances. In addition, deputies are not required to document the use of monies through summary reports of investigative information or through return receipts for transportation related expenses.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. Without adequate supporting documentation, the county cannot

evaluate the necessity and reasonableness of the travel expenses. Ledgers should be maintained to account for all petty cash receipts and disbursements. Individuals should sign for monies received and documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable).

**WE RECOMMEND** the Sheriff:

- A. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.
- B. Maintain the petty cash fund at a constant amount, and maintain documentation of all petty cash receipts and disbursements. In addition, ledgers should be maintained to account for all petty cash receipts and disbursements. Individuals should sign for monies received and documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable).

**AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *This has been resolved and all amounts have been collected.*
- B. *I believe all receipts were turned over to the County Clerk, but in the future I will ensure all receipts are retained and turned over to the County Clerk. In the future, I will maintain a running ledger of the petty cash fund.*

## Follow-Up on Prior Audit Findings

CEDAR COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Cedar County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The county purchased land to be used to quarry hill gravel without obtaining an appraisal on the property. In addition, a formal cost/benefit analysis was not performed and documented at the time of the purchase.
- B.1. The prior Prosecuting Attorney did not retain documentation assessing the need for nine cell phones purchased. In addition, bids were not solicited for these cell phones in accordance with state law.
- 2. Additional compensation of \$600 was paid to the former Prosecuting Attorney in excess of the amount approved by the Cedar County Salary Commission and should have been refunded. In addition, payroll taxes were not withheld and the amount was not reported on the former Prosecuting Attorney's W-2.
- 3. No supporting documentation could be located to adequately support bonuses given to secretaries by the former Prosecuting Attorney. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employee's W-2.
- 4. Supporting documentation was not obtained from the former Prosecuting Attorney for over \$850 in expense reimbursement requests.
- C. Forms 1099-MISC were not issued for some payments of services rendered.
- D. Actual expenditures exceeded approved budgeted amounts in several county funds.

Recommendations:

The County Commission:

- A. Obtain independent appraisals for all future land purchases and ensure a cost-benefit analysis is documented at the time of purchase. In addition, the County Commission should continue to track the costs of quarrying the gravel and update their cost/benefit analysis on a regular basis.
- B.1. And Prosecuting Attorney review and document the need for each cellular telephone and its usage. In addition, all purchases should be bid in accordance with state statute.
- 2. Consult with legal counsel regarding the reimbursement of \$600 from the former Prosecuting Attorney.
- 3. And Prosecuting Attorney discontinue the practice of paying employee bonuses.
- 4. And Prosecuting Attorney ensure adequate supporting documentation is obtained for all reimbursement request.
- C. Ensure 1099 Forms are issued in accordance with IRS regulations.
- D. Not authorize expenditures in excess of budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.

Status:

- A. Partially implemented. The county has not purchased any more land; however, the County Commission has not adequately tracked the costs of quarrying the gravel and updated their cost/benefit analysis. See MAR No. 4
- B.1,  
3&4. Implemented.
- 2. Not implemented. Although not repeated in the current report our recommendation remains as stated above.
- C. Not implemented. See MAR No. 4.
- D. Not implemented. See MAR No. 3.

2. Public Administrator's Records and Procedures

- A.1. Checks were made payable to "cash" to four individuals providing in-home care to one of the wards by the Public Administrator.
- 2. W-2 forms were not issued to some in-home care givers.
- B. The Public Administrator did not obtain adequate supporting documentation for some expenditures. In addition, the Associate Circuit Judge did not require the Public Administrator to submit supporting documentation for all expenditures.
- C. IRS Forms 1099-MISC were not issued for some services rendered.

Recommendations:

The Public Administrator:

- A.1. Discontinue the practice of making checks payable to "cash".
- 2. Ensure wages paid to in-home care-givers are properly reported.
- B. Obtain supporting documentation for all disbursements made on behalf of wards. In addition, the Associate Circuit Judge require documentation to be filed or made available to support all settlement transactions.
- C. Ensure 1099 forms are submitted in accordance with IRS guidelines.

Status:

A&B. Implemented.

C. Not implemented. See MAR No. 9.

3. Prosecuting Attorney's Records and Procedures

- A. Receipt slips were only issued upon request.
- B. Receipts were deposited approximately once every two weeks.
- C. Bank reconciliations were not prepared for the restitution accounts and running balances were not maintained in the checkbook registers. In addition, there were several outstanding checks over one year old.
- D. Listings of liabilities (open items) were not prepared for either restitution account.

- E. Voided checks were not retained and checks were not issued in numerical order.
- F. The Prosecuting Attorney did not prepare monthly reports of bad check fees collected.
- G. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated. In addition, there was no indication that supervisory reviews were performed.
- H. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, had not been established.

Recommendations:

The Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipts slips. The method of payment received should be indicated on all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Maintain a balance in the check register, and prepare monthly bank reconciliations. An attempt should be made to locate the payees of the old outstanding checks and reissue checks if possible. In addition, procedures should be adopted to routinely follow up on old outstanding checks.
- D. Prepare monthly listings of open items and reconcile to the cash balances. Differences between open items and cash balances should be investigated and resolved.
- E. Ensure voided checks are retained and account for the numerical sequence of checks issued.
- F. Prepare monthly reports of bad check fees received as required by state law.
- G. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- H. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.



Status:

A-D,  
&G. Not implemented. See MAR No. 8.

E&F. Implemented.

H. Partially implemented. See MAR No. 8.

4. Circuit Clerk's Records and Procedures

- A. Open-items listing of the former Circuit Clerk's fee account included monies for court cases which dated back to 1995 and prior. Several of these court cases appeared to have been closed and amounts had not been paid out. In addition, the open-items listing exceeded the reconciled cash balance which represented overpayment of fees. The current fee account also included some cases which had been closed and the monies had not been disbursed in a timely manner.
- B. Checks written on the child support account were outstanding for over one year. In addition, the child support account contained an unidentified balance which dated back to 1988.
- C. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated for the child support account. In addition, there was no indication that supervisory reviews were performed.

Recommendations:

The Circuit Clerk:

- A. Establish procedures to routinely follow up on older open items and ensure current open-items are distributed on a timely basis. Investigate differences between the former Circuit Clerk's open-items listing and the reconciled bank balance and if applicable, any unidentified monies should be disposed of in accordance with state law. In addition, the Circuit Clerk should attempt to collect the negative open items.
- B. Adopt procedures to routinely follow up on old outstanding checks, and disburse the unidentified child support funds as required by law.
- C. Adequately segregate accounting and bookkeeping duties of the child support account to the extent possible. At a minimum, the Circuit Clerk should perform documented reviews of the accounting records.

Status:

- A. Implemented. The Circuit Clerk has closed two of these accounts and resolved the unidentified monies and negative balances.

B&C. Implemented.

5. County Clerk's Records and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. Controls over property tax additions were not adequate.
- C. The County Clerk used official receipts for petty cash expenditures when the imprest petty cash fund was depleted. In addition, the County Clerk and her employees had indicated they occasionally borrowed monies from official cash receipts.

Recommendations:

The County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions, and the County Commission should make use of this account book to verify the County Collector's annual settlements.
- B. Reconcile all additions made to the tax books and charge the County Collector with the additions at the time the additions are prepared. All additions should be approved by the County Commission.
- C. Discontinue using official receipts for petty cash expenditures and discontinue borrowing money from official receipts.

Status:

- A. Not implemented. See MAR No. 5.
- B. Partially implemented. Court orders are approved by the County Commission; however, the County Clerk does not reconcile additions to the tax books and charge the County Collector with the additions at the time the additions are prepared. See MAR No. 5.
- C. Implemented.

6. County Assessor's Records and Procedures

- A. Receipt slips issued were not pre-numbered, did not indicate the method of payment received, and original copies of voided receipt slips were not always maintained.
- B. Receipts were stored in an unlocked drawer in the Assessor's office until they were transmitted to the County Treasurer each month. In addition, checks and money orders were not restrictively endorsed upon receipt.
- C. Some cash receipts were not transmitted to the County Treasurer and were used for a change fund. In addition, the change fund was not maintaining a constant amount.
- D. The County Assessor did not file monthly reports of fees collected.

Recommendations:

The County Assessor:

- A. Issue pre-numbered receipt slips for all monies received, and maintain original copies of all voided receipt slips. In addition, ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- B. Restrictively endorse checks and money orders immediately upon receipt, and store all receipts in a secure location until transmitted.
- C. Transmit all monies received to the County Treasurer intact, and if a change fund is needed, it should be maintained at a constant amount.
- D. Prepare monthly reports of fees as required by state law.

Status:

- A. Partially implemented. Pre-numbered receipt slips are issued for all monies received; however, the method of payment is not indicated on all receipt slips. Although not repeated in the current report our recommendation remains as stated above.
- B. Not implemented. Checks and money orders are not restrictively endorsed upon receipt. Although not repeated in the current report our recommendation remains as stated above.

C&D. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

CEDAR COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of Cedar was named for its abundance of cedar trees. Cedar County is a county-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Stockton.

Cedar County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 540 miles of county roads and 68 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,894 in 1980 and 13,733 in 2000. The following chart shows the county's change in assessed valuation since 1980:

|                        |    | Year Ended December 31, |       |       |       |              |
|------------------------|----|-------------------------|-------|-------|-------|--------------|
|                        |    | 2003                    | 2002  | 2001  | 2000  | 1985* 1980** |
|                        |    | (in millions)           |       |       |       |              |
| Real estate            | \$ | 81.0                    | 74.8  | 72.3  | 68.7  | 37.8 15.5    |
| Personal property      |    | 34.3                    | 32.4  | 31.8  | 29.7  | 11.5 7.2     |
| Railroad and utilities |    | 5.2                     | 5.0   | 5.0   | 6.3   | 2.6 2.4      |
| Total                  | \$ | 120.5                   | 112.2 | 109.1 | 104.7 | 51.9 25.1    |

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Cedar County's property tax rates per \$100 of assessed valuations were as follows:

|                                |    | Year Ended December 31, |       |       |       |
|--------------------------------|----|-------------------------|-------|-------|-------|
|                                |    | 2003                    | 2002  | 2001  | 2000  |
| General Revenue Fund           | \$ | .1471                   | .1275 | .1132 | .0900 |
| Special Road and Bridge Fund * |    | .2363                   | .2400 | .2400 | .2400 |
| Hospital Fund                  |    | .1477                   | .1500 | .1500 | .1500 |

\* The county retains all tax proceeds from areas not within road districts. The county has fifteen road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

|                              | Year Ended February 28 (29), |           |           |           |
|------------------------------|------------------------------|-----------|-----------|-----------|
|                              | 2004                         | 2003      | 2002      | 2001      |
| State of Missouri            | \$ 37,550                    | 34,333    | 33,239    | 31,704    |
| General Revenue Fund         | 177,744                      | 144,730   | 125,214   | 99,511    |
| Road Funds                   | 511,360                      | 480,676   | 469,200   | 449,036   |
| Assessment Fund              | 51,696                       | 47,298    | 46,058    | 43,188    |
| Schools                      | 3,609,274                    | 3,367,694 | 3,373,973 | 3,181,894 |
| Library district             | 96,401                       | 91,139    | 88,310    | 82,693    |
| Hospital Fund                | 179,778                      | 170,019   | 164,761   | 157,346   |
| Ambulance district           | 121,114                      | 114,538   | 110,968   | 103,623   |
| Cities                       | 36,276                       | 35,479    | 33,999    | 31,761    |
| County Clerk                 | 207                          | 192       | 204       | 176       |
| County Employees' Retirement | 32,699                       | 33,421    | 32,177    | 25,249    |
| Tax Maintenance Fund         | 12,207                       | 6,996     | 0         | 0         |
| Commissions and fees:        |                              |           |           |           |
| General Revenue Fund         | 87,260                       | 83,739    | 79,733    | 73,311    |
| Total                        | \$ 4,953,566                 | 4,610,254 | 4,557,836 | 4,279,492 |

Percentages of current taxes collected were as follows:

|                        | Year Ended February 28 (29), |      |      |      |
|------------------------|------------------------------|------|------|------|
|                        | 2003                         | 2002 | 2001 | 2000 |
| Real estate            | 90.7                         | 90.2 | 91.0 | 90.6 |
| Personal property      | 88.5                         | 89.6 | 89.5 | 89.4 |
| Railroad and utilities | 100                          | 98.3 | 100  | 100  |

Cedar County also has the following sales taxes; rates are per \$1 of retail sales:

|                 | Rate     | Expiration Date | Required Property Tax Reduction |   |
|-----------------|----------|-----------------|---------------------------------|---|
| General         | \$ 0.005 | None            | 50                              | % |
| Law enforcement | 0.005    | None            | N/A                             |   |

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

| Officeholder   | 2004   | 2003   | 2002   | 2001   | 2000   |
|--|--------|--------|--------|--------|--------|
| County-Paid Officials:   | \$     |        |        |        |        |
| Kenneth Whitesell Jr., Presiding Commissioner                          |        | 23,218 | 20,311 | 20,309 | 17,757 |
| Richard L. Wood, Associate Commissioner                                |        | 18,810 | 18,810 | 18,810 | 15,758 |
| Marvin Yarnell, Associate Commissioner                                 |        | 18,810 | 18,810 | 18,810 | 15,758 |
| Carole Wilkerson, Recorder of Deeds                                    |        | 32,300 | N/A    | N/A    | N/A    |
| Mary L. Cain, County Clerk   |        | 32,300 | 1,832  | N/A    | N/A    |
| Sheryl D. Swopes, County Clerk   |        | N/A    | 27,136 | 29,769 | 28,204 |
| Michael L. Ash, Prosecuting Attorney                                   |        | 96,000 | 33,844 | 33,844 | 32,341 |
| Aaron Spillman, Sheriff  |        | 31,500 | 31,500 | 31,500 | 29,037 |
| Joe Lee Levi, County Treasurer   |        | 32,300 | 20,955 | 20,955 | 19,852 |
| C.W. (Bill) Neale, County Coroner                                      |        | 8,250  | 8,250  | 8,250  | 7,259  |
| Janice Cagle, Public Administrator (1)                                 |        | 29,238 | 29,979 | 47,542 | 27,363 |
| Joan Haines, County Collector (2),<br>year ended February 28 (29),     | 30,809 | N/A    | N/A    | N/A    | N/A    |
| Barbara Bobbett, County Collector (2),<br>year ended February 28 (29), | 1,495  | 30,666 | 30,666 | 29,445 | N/A    |
| Paul E. (Eddie) Johnson, County Assessor (2),<br>year ended August 31, |        | 32,809 | 32,809 | 31,129 | 31,850 |
| Chad Pyle, County Surveyor (3)   |        | N/A    | N/A    | N/A    | N/A    |
| Claud Hoffman, County Surveyor (3)                                     |        | N/A    | N/A    | N/A    | N/A    |

- (1) Includes fees received from probate cases totaling \$738, \$1,479, \$12,213, and \$20,534 during the years ending December 31, 2003, 2002, 2001, and 2000. In addition, the Public Administrator received \$28,500 of salary in 2001 for serving in 2001 and also received \$6,829 of salary in 2001 for serving in 2000. The Public Administrator had previously been paid the year following the year of service.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis. Chad Pyle served during 2000 and was appointed on November 12, 2002 to serve out the remaining term of Claud Hoffman, who served in 2001 and in 2002 until November 11, 2002.

State-Paid Officials:

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Melinda Gumm, Circuit Clerk and<br>Ex Officio Recorder of Deeds | 47,300 | 47,300 | 47,300 | 46,126 |
| Joseph B. Phillips, Associate Circuit Judge                     | 96,000 | 96,000 | 96,000 | 97,382 |